

***Benchmarks for Granting Subsidies or  
Financial Assistance to People in Need  
in Hong Kong***

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## Executive Summary

1. The provision of subsidies or financial assistance by the Government is to help needy people attain at least a minimum level of comfort both physically and mentally. To ensure the sustainability of the provision of financial assistance under the resources constraint, benchmarks are adopted to screen out cases that are not considered as needy. These benchmarks comprise income and asset limits, individual needs and needs of the community.
2. The Comprehensive Social Security Assistance (CSSA) Scheme provides cash assistance for individuals or families who are unable to support themselves financially because of age, disability, illness, low-earnings, unemployment or family circumstances. The benchmarks for granting CSSA are related to a family's needs and means. The needs are expressed in terms of various types of assistance rates, and the standard of living is considered unacceptable for individuals living below these rates. The income and assets of all applicants are measured against the prescribed assistance rates and asset limits respectively such that applicants whose means are above the corresponding limits are disqualified for the assistance.
3. The Social Security Assistance (SSA) Scheme provides a flat-rate grant to meet the special needs of the elderly and the severely disabled. Except for the Normal Old Age Allowance, all other allowances under the SSA Scheme are non-means-tested. The benchmark for granting SSA relates only to needs established by the circumstances of individuals, and does not have any reference to their income or assets. The Normal Old Age Allowance is subject to an income and asset declaration.
4. The Local Student Finance Scheme provides financial assistance in the form of a grant or loan to full-time students who are attending degree or sub-degree courses at publicly-funded tertiary educational institutions. The grant is for the payment of tuition fees, academic expenses and student union fees, while the loan is for the payment of living expenses. The benchmarks for granting financial assistance under this Scheme are expressed in terms of the Adjusted Family Income (AFI) and the Net Asset Value (NAV). Eligible applicants must have both values of AFI and NAV below specified limits.
5. AFI equals to the sum of the annual income of the parents (100%), unmarried siblings (30%) and the applicant (100%), less medical expenses of chronically-ill household members, divided by the number of members in the household plus a factor of one. The lower the applicant's AFI is, the greater is the percentage of financial assistance provided to the applicant.
6. NAV is the net value of the fixed and liquid assets of the applicant's household divided by the number of household members. The applicant's NAV is checked against a sliding scale of asset values for adjusting downward the resultant grant and loan from the first-tier income test to derive the actual amount of grant and loan given to the applicant.

7. The Financial Assistance Scheme for Post-secondary Students provides financial assistance to needy full-time students aged 25 and below and pursuing accredited, self-financing post-secondary education programmes. Assistance is provided in the form of a grant or loan for the payment of tuition fees. The benchmarks for granting financial assistance under this Scheme are again a comparison against specified AFI and NAV limits.
8. Financial assistance schemes for needy students at secondary level and below, namely the Senior Secondary Fee Remission Scheme, the Examination Fee Remission Scheme, the School Textbook Assistance Scheme and the Kindergarten Fee Remission Scheme, adopted AFI as the single benchmark for granting financial assistance. AFI is also the only benchmark for granting financial assistance under the Student Travel Subsidy Scheme.
9. Project Yi Jin provides 30% of the tuition fees of continuing education modules to both Secondary Four and Five school leavers, adult learners aged 21 and above, and youths aged below 21 who have never sat for the Hong Kong Certificate of Education Examination. No benchmarks are required for determining recipients seeking 30% reimbursement of the tuition fees. However, a benchmark, expressed in terms of AFI, has been adopted for needy students who want their tuition fees to be fully reimbursed upon successful completion of each module.
10. The Non-means-tested Loan Scheme provides financial assistance in the form of loans to all students studying in tertiary institutions for paying their tuition fees. The benchmarks for granting loans under this Scheme are related to specific needs of students.
11. The medical fee waiver mechanism provides low-income patients, chronically-ill patients and elderly patients in economic hardship with a fee waiver for accident, emergency and other public medical services. The benchmarks for granting a fee waiver are expressed in terms of the Median Monthly Domestic Household Income compiled by the Census and Statistics Department as well as the asset limits prescribed by the Hospital Authority.
12. The Rent Assistance Scheme (RAS) provides a 50% rent reduction to domestic tenants in Public Rental Housing and licensees in interim housing who are facing temporary financial hardship and cannot afford the rent. Tenants affected by redevelopment are allowed to apply for RAS immediately upon re-housing to new or refurbished flats. The benchmarks for granting RAS are expressed in terms of the Waiting List Income Limit and the Rent-to-Income ratio determined by the Housing Authority.

# **Benchmarks for Granting Subsidies or Financial Assistance to People in Need in Hong Kong**

## **Chapter 1 - Introduction**

### **1.1 Background**

1.1.1 At the meeting of the Subcommittee to Study the Subject of Combating Poverty held on 14 January 2005, Members requested the Research and Library Services Division to study benchmarks adopted by various government departments and public bodies in Hong Kong in granting subsidies or financial assistance to people in need in the community.

### **1.2 Philosophy in granting subsidies or financial assistance**

1.2.1 In its White Paper entitled *Social Welfare into the 1990s and Beyond* published in March 1991, the Government stipulated its overall philosophy in the provision of social services. The paper stated that "*[m]ost societies, and Hong Kong is no exception, accept an obligation to assist their members to overcome personal and social problems and to fulfil their role in life to the optimum extent in accordance with the particular social and cultural development of their society. In particular, they recognize a responsibility to help their disadvantaged members to attain an acceptable standard of living.... The means by which the above obligations are discharged is mainly through the provision of...social welfare, medical and health services, education, housing and other services which contribute to the well-being of individuals, families and the societies in which they live.*"

1.2.2 The commitment of the Government in upholding the above philosophy has been reflected in the development of various welfare services, education, health services and housing programmes in the past few decades. While some programmes are means-tested targeting specific groups, such as the welfare services, education and housing programmes, some other programmes are non-means-tested covering the entire population, such as the health services programmes. Table 1 shows the proportion of public expenditure on the four major policy areas, namely welfare services, education, housing and health services, between 1999-2000 and 2003-04. The expenditure on these policy areas has consistently accounted for 55-60% of the total public expenditure.

**Table 1 – Proportion of public expenditure on major policy areas between 1999-2000 and 2003-04 (%)**

	1999-2000	2000-01	2001-02	2002-03	2003-04
<b><i>Education</i></b>					
HK\$ million	50,307	51,408	52,232	54,785	57,748
%	18.7	19.2	19.4	20.8	20.7
<b><i>Health</i></b>					
HK\$ million	31,894	32,753	34,213	33,199	34,485
%	11.8	12.2	12.7	12.6	12.4
<b><i>Social Welfare</i></b>					
HK\$ million	27,616	28,165	30,059	32,282	33,997
%	10.2	10.5	11.2	12.3	12.2
<b><i>Housing</i></b>					
HK\$ million	45,872	42,606	32,055	24,031	27,854
%	17.0	15.9	11.9	9.1	10.0

Source: Census and Statistics Department (2004) *Hong Kong Annual Digest of Statistics*.

### 1.3 Scope of research

1.3.1 This study mainly discusses the means-tested schemes in the four major policy areas for people in need in Hong Kong, namely the social security schemes, the student financial assistance schemes, the medical fee waiver mechanism and the Rent Assistance Scheme (RAS). Some relevant non-means-tested schemes involving substantial government expenditure are also covered.

1.3.2 The Social Welfare Department (SWD) is responsible for administering the social security schemes, with the Comprehensive Social Security Assistance (CSSA) Scheme and the Social Security Allowance (SSA) Scheme being the major ones. These schemes provide cash assistance to needy members of the community suffering from financial hardship to meet their basic needs.

1.3.3 The Student Financial Assistance Agency (SFAA) is responsible for administering various student financial assistance schemes for needy students in the form of fee remissions, grants and/or low-interest loans for pre-primary to tertiary education.

1.3.4 The Hospital Authority is responsible for administering the heavily subsidized public health care services which essentially serve the entire population. It also establishes a medical fee waiver mechanism for vulnerable patients, namely low-income patients, chronically-ill patients and elderly patients in economic hardship, who are granted a fee waiver for accident, emergency and other public medical services.

1.3.5 The Housing Authority is responsible for administering the provision of subsidized housing to low-income families who cannot afford private rental accommodation. It also administers RAS which provides a 50% rent reduction for tenants of Public Rental Housing (PRH) facing financial hardship and those affected by redevelopment.

## **1.4 Methodology**

1.4.1 This research adopts a desk research method, which involves Internet research, literature review, documentation analysis and correspondence with relevant authorities.

## Chapter 2 – Social Security Schemes

### 2.1 Overview

2.1.1 The social security system in Hong Kong is largely non-contributory in nature although some schemes are means-tested. The objective of the system is to provide financial and/or material assistance to people in need in the community. It comprises five schemes, namely the CSSA Scheme, the SSA Scheme, the Criminal and Law Enforcement Injuries Compensation Scheme, the Traffic Accident Victims Assistance Scheme and the Emergency Relief. Table 2 shows some major characteristics of these schemes.

**Table 2 – Major characteristics of social security schemes in Hong Kong**

Social security scheme	Means-tested	Flat-rate universal	Eligible recipients
CSSA Scheme	✓	*	Persons with income and assets below the prescribed CSSA level.
SSA Scheme			
Normal Old Age Allowance	✓	✓	Persons aged 65-69.
Higher Old Age Allowance		✓	Persons aged 70 or above.
Normal Disability Allowance		✓	Severely disabled persons.
Higher Disability Allowance		✓	Severely disabled persons requiring constant attendance and not residing in government or subvented institutions.
Other social security schemes			
Emergency Relief		*	Victims of natural and other disasters.
Criminal & Law Enforcement Injuries Compensation Scheme		*	Persons injured, disabled or killed due to crime of violence or law enforcement.
Traffic Accident Victims Assistance Scheme		*	Victims of traffic accident.

Remark: \* Some payments are offered at a flat rate.

2.1.2 Table 3 illustrates the proportion of social security payments to the total public expenditure on social welfare services between 1999-2000 and 2003-04. The expenditure on social security has accounted for two-thirds of the expenditure on social welfare services.

**Table 3 – Proportion of social security payments to the total public expenditure on social welfare services between 1999-2000 and 2003-04**

Year	Expenditure on social security payments (HK\$m)	Total expenditure on social welfare services (HK\$m)	% of social security payments to total expenditure on social welfare services
1999-2000	18,519	27,616	67.1
2000-01	18,700	28,165	66.4
2001-02	19,656	30,059	65.4
2002-03	21,423	32,282	66.4
2003-04	22,529	33,997	66.3

Source: Census and Statistics Department. (2004) *Hong Kong Annual Digest of Statistics*.

2.1.3 The authority responsible for developing and reviewing the social security system is the Health, Welfare and Food Bureau. The main objective of the Bureau is to ensure the availability of an effective and sustainable safety net to meet the special needs of people who cannot support themselves financially because of various reasons. To achieve this objective, the Bureau not only develops the benchmarks for granting financial assistance but also reviews the benchmarks from time to time to assess whether the arrangements and benefits provided can meet the needs of the financially vulnerable persons.

2.1.4 SWD is responsible for implementing and co-ordinating the provision of social welfare services, including the social security schemes. It also determines the amount of assistance payable to applicants.

## 2.2 Comprehensive Social Security Assistance Scheme

2.2.1 The CSSA Scheme is the core programme of the social security system in Hong Kong. It provides cash assistance for individuals or families who are unable to support themselves financially because of age, disability, illness, low-earnings, unemployment or family circumstances. It aims at bringing the income of the people in need to a prescribed level where their basic and special needs are met. The Scheme is non-contributory and means-tested. Table 4 shows that between 1999-2000 and 2003-04, while both the number of CSSA cases and the expenditure on CSSA displayed a more or less upward trend, the proportion of CSSA expenditure to the total welfare expenditure remained relatively stable.

**Table 4 – Statistics on the Comprehensive Social Security Assistance Scheme between 1999-2000 and 2003-04**

Year	CSSA cases		Expenditure on CSSA Scheme		
	Number <sup>(a)</sup>	% change	HK\$m	% change	% of CSSA spending to total social welfare expenditure
1999-2000	228 015	-2.1	13,623.4	+4.6	49.3
2000-01	228 263	+0.1	13,559.8 <sup>(b)</sup>	-0.5	48.1
2001-02	247 192	+8.3	14,404.6 <sup>(c)</sup>	+6.2	47.9
2002-03	271 893	+10.0	16,130.8 <sup>(d)</sup>	+12.0	50.0
2003-04	290 705	+6.9	17,306.2	+7.3	50.9

Remarks : (a) Figures are as at end of the financial year.  
 (b) Figure includes the payments for 1 April 2001.  
 (c) Figure includes the payments for 1 April 2002, but excludes the payments for 1 April 2001.  
 (d) Figure excludes the payments for 1 April 2002.

Source : Census and Statistics Department (2004) *Hong Kong Annual Digest of Statistics*.

2.2.2 Table 5 manifests that over half of the CSSA cases were elderly persons. Despite the rising absolute number of elderly cases, its proportion to the total number of CSSA cases was decreasing during the period. On the other hand, both the number and proportion of unemployed and single-parent cases were on an upward trend, up from 26 185 (11.5%) and 25 146 (11.0%) in 1999-2000 to 48 450 (16.7%) and 37 949 (13.1%) in 2003-04 respectively.

**Table 5 – Comprehensive Social Security Assistance Cases by type between 1999-2000 and 2003-04**

	1999-2000	2000-01	2001-02	2002-03	2003-04
<b><i>Old age</i></b>					
Number	133 070	135 409	139 288	143 585	147 433
%	58.4	59.3	56.3	52.8	50.7
<b><i>Unemployment</i></b>					
Number	26 185	23 250	31 602	43 237	48 450
%	11.5	10.2	12.8	15.9	16.7
<b><i>Single-parent family</i></b>					
Number	25 146	26 078	29 534	34 249	37 949
%	11.0	11.4	11.9	12.6	13.1
<b><i>Temporary disability/ ill health</i></b>					
Number	19 979	18 917	20 082	20 852	22 251
%	8.8	8.3	8.1	7.7	7.7
<b><i>Low- earnings</i></b>					
Number	8 002	8 319	9 140	10 982	14 215
%	3.5	3.6	3.7	4.0	4.9
<b><i>Others</i></b>					
Number	15 633	16 290	17 546	18 988	20 407
%	6.9	7.1	7.1	7.0	7.0
<b><i>Total</i></b>					
Number	228 015	228 263	247 192	271 893	290 705
%	100.0	100.0	100.0	100.0	100.0

Source: Census and Statistics Department. (2004) *Hong Kong Annual Digest of Statistics*.

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## Development of the Public Assistance/Comprehensive Social Security Assistance Scheme

### *Social security in the 1950s and 1960s*

2.2.3 In the 1950s and 1960s, assistance to people in need was provided in kind, principally dry rations and cooked meals. In 1967, cash assistance was introduced as an alternative for those unable to travel to the distribution points for dry rations or cooked meals.

### *Establishment of the Public Assistance Scheme*

2.2.4 In 1971, the Government introduced the Public Assistance (PA) Scheme for people in need. The PA Scheme provided cash assistance which covered food costs only. Over the years, the PA Scheme was expanded to satisfy various needs of PA recipients and the basic rates were revised to cover additional items of the essential household expenditure<sup>1</sup>. Table 6 shows the major enhancements of the PA Scheme between 1972 and 1991.

**Table 6 – Major enhancements of the Public Assistance Scheme between 1972 and 1991**

<b>Year</b>	<b>Enhancements</b>
1972	• Basic rates revised to cover the essential household expenditure.
1974	• Survey on the expenditure pattern of PA recipients.
1976	• New price index constructed based on the results of the 1974 survey.
1977	• PA Scheme extended to cover able-bodied aged between 15 and 55.
1978	• Annual Long-term Supplement introduced; • Old Age Supplement for PA recipients aged 60 and over who were not receiving Disability or Old Age Allowance introduced; and • Provision of disregarded earnings introduced.
1980	• Disability supplement for partially disabled introduced.
1988-89	• Special grants for children, new-born babies and young persons taking up first job introduced.
1991	• Child supplement introduced.

Source: Legislative Council Secretariat. (1996) *Research Report on the Determinants for the Social Assistance Scale in Hong Kong and Selected Countries*. LC Paper No. RP13/95-96.

<sup>1</sup> The essential household expenditure refers to expenditure on foodstuffs, fuel and light, clothing and footwear, durable goods, miscellaneous goods, transport and services.

*Establishment of the Comprehensive Social Security Assistance Scheme*

2.2.5 In March 1991, the Government published a White Paper entitled *Social Welfare into the 1990s and Beyond* stipulating the policies and objectives governing the provision and further development of social welfare services, including the introduction of the CSSA Scheme to replace the PA Scheme.

2.2.6 The CSSA Scheme was put in place in July 1993. The new Scheme consolidated the basic rates and supplements (except for Long-term Supplement) under the PA Scheme and the benefits under the Special Needs Allowance Scheme (which will be discussed in Section 2.3) into specific standard rates for various categories of recipients. The purpose was to avoid confusion during the application for benefits under both the PA Scheme and the Special Needs Allowance Scheme. In addition, there was an increase in the level of benefits from 4% to 37% for different categories of recipients, and the annual permissible limits of absence from Hong Kong were relaxed from 45 days to 180 days for all elderly and disabled persons and to 60 days for all others.<sup>2</sup>

*Challenge to the adequacy of the Comprehensive Social Security Assistance Scheme*

2.2.7 In 1994, Dr. Stewart MacPherson of the City Polytechnic University of Hong Kong published a report entitled *A Measure of Dignity - Report on the Adequacy of Public Assistance Rates in Hong Kong* criticizing the inadequacies of the CSSA Scheme. The report recommended a new set of CSSA standard rates for various age groups, which were substantially higher than the then existing ones. The Government, however, did not accept his recommendations because his approach in determining a "minimum acceptable standard of living" was considered a radical departure from the Government's philosophy and established policy of the CSSA Scheme. Nevertheless, the Government pledged to review the adequacy of CSSA in the context of the 1994-95 Household Expenditure Survey (HES) conducted by the Census and Statistics Department (C&SD).

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<sup>2</sup> SWD. (1993-1995) *Department Report*.

*Review of the Comprehensive Social Security Assistance Scheme*

2.2.8 In 1995, the Government established a Steering Group<sup>3</sup> to review the CSSA Scheme. The review aimed at examining the effectiveness of the social security system and the adequacy of benefits in meeting the needs of recipients. The Steering Group adopted both the Basic Needs (BN) approach and the HES approach in reviewing the adequacy of the assistance. The BN approach provided a baseline below which the standard rates should not be allowed to fall, while the results of HES provided an indication by reference to actual expenditure to suggest which categories of recipients might justify higher rates above the BN baseline.

2.2.9 As a result of the review, the Government raised the standard rates by 9% to 57% in April 1996 for specific categories of recipients such as able-bodied adults. No downward adjustment was made to the standard rates for other categories of recipients, such as children, single elderly and severely disabled adults, despite the fact that the corresponding rates were found to exceed the BN baseline. The Government has continued to follow the principles developed in that review to determine the CSSA standard rates.

*Introduction of the seven-year residence requirement*

2.2.10 In February 2003, the Government published the *Report of the Task Force on Population Policy*<sup>4</sup>, in which a new seven-year residence requirement for CSSA applicants was proposed. The purpose of the requirement is to ensure the long-term sustainability of the non-contributory social security system and the allocation of public resources are on a rational basis. The proposal has been adopted and in effect since 1 January 2004. This policy encourages new arrivals who can work to try to be self-reliant rather than falling back on welfare assistance. It also underlies the need for potential immigrants to plan carefully and ensure that they have sufficient means to be self-supporting before settling in Hong Kong.

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<sup>3</sup> The Steering Group was chaired by the Director of Social Welfare. Members included an assistant director, a chief social security officer, a senior statistician and an administrative assistant to the Director of Social Welfare from SWD, the Deputy Secretary for Health and Welfare, a Principal Assistant Secretary for Health and Welfare, a Principal Assistant Secretary for the Treasury and the Deputy Commissioner for Census and Statistics.

<sup>4</sup> The *Report of the Task Force on Population Policy* identifies the major challenges to Hong Kong arising from its demographic trends and characteristics, sets the objective of a population policy and recommends a set of coherent policy initiatives which the Government can explore in the short and medium term.

*Recent developments*

2.2.11 The Government is currently conducting:

- (a) an evaluation of the intensive employment assistance projects implemented since October 2003 to help employable CSSA recipients and the 'near-CSSA' unemployed move into work;
- (b) a review of the existing CSSA arrangements and related services for single-parent families on CSSA; and
- (c) a review of the provision of disregarded earnings.

2.2.12 Initial results of both (a) and (b) are expected to be available by mid-2005, while results of (c) are expected to be available towards the end of 2005.

2.2.13 In addition, the Government will relax the qualifying condition for those elderly in receipt of CSSA to live outside Hong Kong in August 2005, and provide a monthly supplement to CSSA recipients who are 100% disabled, or who require constant attendance and are not living in institutions in November 2005.

Composition of the Comprehensive Social Security Assistance Scheme

2.2.14 The CSSA Scheme comprises three key elements, namely the standard rates, special supplements and special grants.

*Standard rates*

2.2.15 The standard rates cover expenses on basic needs, such as food, fuel and light, clothing and footwear, transport and services, durable and miscellaneous goods. A higher rate is established for single persons, while a lower rate is adopted for members of multi-member households in view of economies of scale. Since the standard rates are applicable on an individual basis, the standard rate for a family with more than one member will be equal to the sum of the respective applicable standard rates of the members. Please refer to Appendix I for details of the standard rates.

*Special supplements*

2.2.16 In addition to the standard rates, two supplements are in place to meet the needs of specific groups. An annual long-term supplement is available for those eligible applicants who have been receiving CSSA for 12 months or more for major household and durable goods replacements. A monthly single-parent supplement is available for eligible single-parent households in recognition of the difficulties which a single parent may encounter when bringing up a family on his/her own.<sup>5</sup> Please refer to Appendix II for rates of long-term supplement and single-parent supplement.

*Special grants*

2.2.17 A wide range of non-standard payments in the form of special grants are available to meet specific needs of individuals arising from old age, disability, personal or family circumstances. These special grants cover rent, water/sewage charges, schooling expenses, child-care centre fees and burial expenses. Those CSSA recipients who are old, disabled or in ill-health are entitled to special grants to meet their other specific needs, such as glasses, dentures, medically recommended diets, removal expenses, medical and surgical appliances.

2.2.18 Special grants are classified as standard special grants, which have clearly defined and published criteria and are payable to CSSA recipients once the criteria are met. Special grants are payable in three modes, namely to meet the actual costs in full, to meet the actual costs up to a prescribed maximum level, and on a flat-rate basis. Please refer to Appendix III for rates of special grants.

2.2.19 Apart from standard special grants, discretionary special grants are provided, on the merits of individual cases and at the discretion of senior staff of SWD, to meet any other special needs not covered by existing provisions, such as a discretionary payment to cover loss of cash.

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<sup>5</sup> A single parent is defined by SWD as a person who (a) is widowed, divorced or separated, or is an unmarried mother and father; and (b) is living with at least a son or daughter aged below 18 or aged 18 to 21 receiving full-time education. The single-parent supplement is also available for cases where the recipient's spouse is (a) receiving medical treatment in a residential institution providing medical care, such as hospitals and infirmaries, and the period of institutionalization has lasted or is expected to last for a continuous period of at least six months, or the period of institutionalization is expected to last until the spouse dies; (b) serving a custodial sentence of at least nine months in prison or any penal institution; (c) prevented by law from entering Hong Kong; or (d) physically living apart for other reasons by virtue of which the payment of the single-parent supplement is considered appropriate by the Director of Social Welfare.

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### Eligibility requirements

2.2.20 To be eligible for CSSA, a person must have resided in Hong Kong for seven years<sup>6</sup> and have income below the prescribed CSSA rates. In addition, the total value of the asset<sup>7</sup> of the applicant's family must not exceed the prescribed limits as shown in Appendix IV.

2.2.21 As a condition of obtaining assistance, able-bodied adults who are unemployed or working part-time but available for full-time work are required to have been actively seeking work and participating in the Support for Self-reliance Scheme<sup>8</sup>.

2.2.22 To be eligible for CSSA, any temporary absence from Hong Kong should not exceed the limits specified below:

- (a) 180 days a year for both recipients aged 60 or above and recipients medically certified to be disabled; and
- (b) 60 days a year for other recipients, which may be extended up to a maximum of 90 days at the discretion of the Director of Social Welfare.

### Benchmarks for granting the Comprehensive Social Security Assistance

2.2.23 The benchmarks for granting CSSA are primarily related to a family's means and needs. Under the BN approach, a baseline is drawn based on needs considered essential to an individual so that the standard of living is considered unacceptable for individuals living below that line. In this connection, the standard rate for a particular category of individuals is determined by comparing the baseline and the actual expenditure of CSSA recipients based on HES, whichever is the higher. The standard rates are reviewed annually to take into account of the price changes as reflected by the movement of the Social Security Assistance Index of Prices (SSAIP) to ensure that the purchasing power is maintained. Both income and asset tests are then employed to screen out those applicants whose assessable monthly income and assets are above the corresponding prescribed rate.

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<sup>6</sup> Persons who have become Hong Kong residents before 1 January 2004 and children aged below 18 are exempted from the seven-year residence requirement.

<sup>7</sup> Assets include properties, cash, savings, investment and other realizable assets.

<sup>8</sup> The Support for Self-reliance Scheme comprises four programmes: (a) the Active Employment Assistance programme for unemployed CSSA recipients and low-income recipients without a full-time job to attend fortnightly interviews with staff of SWD to help them get access to information on job vacancies and employment-related services subject to the condition that their action plans to find work are being monitored; (b) the Community Work programme for CSSA recipients to develop a work habit and increase their self-esteem and confidence through performing community work; (c) the Special Job Attachment Programme which is run by non-governmental organizations to provide CSSA recipients with more structured employment assistance; and (d) the Intensive Employment Assistance Fund to finance non-governmental organizations to run innovative, tailor-made employment assistance projects for specific groups.

### *Basic Needs Approach*

2.2.24 The BN concept is a relative concept, with the definition of basic needs varying among places in the light of many factors, such as levels of development, climatic conditions, social and cultural values. According to the BN approach, financial assistance must cover physical needs as well as access to social services which are universally regarded as essential to a decent life. All in all, the BN approach provides a baseline for setting the minimum CSSA standard rates.

2.2.25 When the CSSA Scheme was reviewed in 1995, the Steering Group adopted the BN approach and constructed a basket of items for each category of CSSA recipients. The choice of food items for each age group was based on the advice of a government dietitian. The cost of the food items was calculated by applying the average retail prices of the lowest 50% price range provided by C&SD. Please refer to Appendix V for the food requirements under the BN approach.

2.2.26 The Steering Group also established the corresponding basket of non-food items and estimated the quantity and consumption life span of these items. The cost was again calculated by applying the average retail prices of the lowest 50% price range. For items, such as fuel, light and transport, the expenditure pattern of the lowest 5% non-CSSA income group was adopted. Please refer to Appendix VI for the non-food requirements under the BN approach.

2.2.27 The cost of each basket was compared with the then prevailing CSSA standard rate plus monthly apportionment of the annual long-term supplement to assess the adequacy of the rates. The cost of each basket was also compared with the findings of HES on the actual expenses of CSSA recipients. The 1995 review found that there was a need to increase the CSSA standard rates for able-bodied adults (please see Appendix VII).

### *Household Expenditure Survey on CSSA Households*

2.2.28 C&SD conducts HES once every five years to collect up-to-date information on the expenditure patterns of households in Hong Kong. The objective is to update the expenditure weights used in the compilation of the Consumer Price Index (CPI). In parallel with HES, a similar survey is conducted jointly by SWD and C&SD on CSSA households.

#### *Survey objective*

2.2.29 The objective of HES on CSSA households is to collect data for studying the latest expenditure patterns of CSSA households as well as updating the expenditure weights of SSAIP. The basket of goods and services utilized in the compilation of the index and the respective weights of those goods and services in the basket are updated once every five years based on the results of the survey.

### Survey period

2.2.30 The data collection period covers a whole year so as to take into account seasonal variations in consumer spending. A new round of HES, as well as HES on CSSA households, has been launched in October 2004 and will last till September 2005. The 12-month survey period is broken down into 26 bi-weekly cycles. Each household participating in the survey is asked to take part in one cycle only so as to reduce their responding burden.

### Survey coverage and sample size

2.2.31 All CSSA cases with at least one eligible member receiving the standard rate and living in local domestic households are covered in the survey. A random sample of CSSA households from various geographical areas and categories of households is drawn by SWD based on their administrative records. The target sample size for the 2004-05 survey is 1 600 CSSA households.

### Data collection method

2.2.32 A diary-keeping approach is adopted for data collection. Households selected for the survey are requested to record, on a daily basis and for a period of two consecutive weeks, every expenditure item that they have purchased and the amount spent on each item. They are also asked to record regular payments, such as rent, electricity charges, telephone service charges, etc.

2.2.33 During the two-week diary-keeping period, survey interviewers pay several visits to the households concerned to collect the completed daily expenditure records and to assist them in completing the records if required.

2.2.34 In order to better capture expenses on items like furniture and electrical appliances, which are spent on a less frequent basis, a longer reference period is used. Households are given a list of infrequently-purchased items and are asked to indicate whether they have purchased any of the items during a specified three-month reference period and the amount incurred.

2.2.35 The results of HES provide an indication by reference to actual expenditure to suggest which categories of recipients might justify higher rates above the baseline provided by the BN approach.

*Social Security Assistance Index of Prices*

2.2.36 CSSA rates are adjusted regularly with reference to the movement of SSAIP, which is specially compiled to measure inflation/deflation according to the expenditure pattern of CSSA households. It consists of the same items as other CPIs except that items which are covered by special grants under the CSSA Scheme or provided free by the Government are excluded. This index is computed by C&SD on a monthly basis covering all goods and services consumed by CSSA households.

2.2.37 SSAIP comprises three components:

- (a) a basket of goods and services consumed by CSSA households except for items that are covered by special grants or provided free by the Government;
- (b) a weighting system to determine the relative importance of individual items within the basket of goods and services;<sup>9</sup> and
- (c) the monthly average retail prices of individual items within the basket of goods and services.

*Asset limit*

2.2.38 Regarding the asset test, the asset limits applicable vary in accordance with the size and conditions of members of households. The asset limit set for an able-bodied adult/child living with his/her family is about six times the estimated average monthly payment for an able-bodied adult. Households consisting of the elderly, disabled persons or ill-health persons are entitled to a higher asset limit which is 1.5 times the asset limit allowed for an able-bodied adult/child living with his/her family. However, information is not available as to the rationale of setting the asset value at these particular levels.

Calculation of the amount of assistance

2.2.39 There is no fixed assistance scale for CSSA recipients. For each CSSA case, the amount of assistance is determined by the monthly income and needs of the family concerned. The difference between the total assessable monthly income of the family and its total monthly needs as recognized under the CSSA Scheme in terms of the applicable standard payment rates of all family members will be the amount of assistance payable. When assessing a family's monthly income, earnings from employment and training/retraining allowance are disregarded up to a prescribed level so as to provide an incentive to work and receive training/retraining.

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<sup>9</sup> The weighting system is based on the relative ratio of the actual expenditure by CSSA households on individual commodity and service items.

## 2.3 Social Security Allowance Scheme

2.3.1 The SSA Scheme, which is also non-contributory, provides a flat-rate grant to meet the special needs of the elderly and the severely disabled. These needs include transport, home help, expenses arising from ill health and infirmity, special diet and personal expenses. Except for the Normal Old Age Allowance, all other allowances under the SSA Scheme are non-means-tested. The aim is "to provide help to persons qualifying for an allowance, not to provide an income on which he would be able to live".<sup>10</sup>

2.3.2 Table 7 provides some statistics on the SSA Scheme between 1999-2000 and 2003-04. During the period, the number of cases of the Old Age Allowance hovered between 450 000 to 460 000 (except 1999-2000), while the related expenditure displayed a modest upward trend. As for the Disability Allowance, the number of cases saw a more conspicuous increase, whereas the corresponding expenditure showed only moderate fluctuations around HK\$1.6 billion. In any event, the percentage of the SSA Scheme in total welfare expenditure witnessed a decline during the period.

**Table 7 – Statistics on the Social Security Allowance Scheme between 1999-2000 and 2003-04**

Year	Old Age Allowance <sup>(a)</sup>		Disability Allowance <sup>(b)</sup>		% of SSA spending to total social welfare expenditure
	Number of cases <sup>(c)</sup>	Expenditure (HK\$m)	Number of cases <sup>(c)</sup>	Expenditure (HK\$m)	
1999-2000	445 835	3,463.5	89 617	1,419.8	17.7
2000-01	453 734	3,562.5 <sup>(d)</sup>	96 851	1,567.1 <sup>(d)</sup>	18.2
2001-02	458 041	3,581.2 <sup>(e)</sup>	103 167	1,659.5 <sup>(e)</sup>	17.4
2002-03	454 933	3,574.0 <sup>(f)</sup>	105 282	1,707.5 <sup>(f)</sup>	16.4
2003-04	456 798	3,636.3	107 110	1,577.6	15.3

Remarks : (a) Old Age Allowance refers to the Normal Old Age Allowance and the Higher Old Age Allowance.

(b) Disability Allowance refers to the Normal Disability Allowance and the Higher Disability Allowance.

(c) Figures are as at end of the financial year.

(d) Figure includes the payments for 1 April 2001.

(e) Figure includes the payments for 1 April 2002, but excludes the payments for 1 April 2001.

(f) Figure excludes the payments for 1 April 2002.

Source : C&SD. (2004) *Hong Kong Annual Digest of Statistics*.

<sup>10</sup> Health and Welfare Branch. (1987) *Memorandum for Executive and Legislative Councils – The Financial Needs of the Elderly and the Improvements to the Public Assistance Scheme*.

## Development of the Social Security Allowance Scheme

### *Introduction of the Disability and Infirmity Allowance*

2.3.3 In 1973, the Government introduced the Disability and Infirmity Allowance for both the severely disabled (the Disability Allowance) and those aged 75 and above who were not residing in residential care institutions (the Infirmity Allowance). The allowance was paid in addition to PA. The level of allowance was set in accordance with the PA rate for a single person. According to the Government, this arrangement was adopted because information was not available as to what extent would cost a disabled or infirm person to live at the same standard as a person who was not disabled or infirm. The allowance for the disabled was set to be equivalent to the full PA rate for a single person, while infirm persons were granted a lower rate which was equivalent to half the PA rate for a single person.

### *Extension of the Old Age Allowance to cover people aged 70 and above*

2.3.4 In 1977, the Infirmity Allowance was renamed the Old Age Allowance, and the Disability and Infirmity Allowance became the Disability and Old Age Allowance. In 1978, the Disability and Old Age Allowance was renamed the Special Needs Allowance. In that year, the Government not only lowered the qualifying age for the Old Age Allowance from 75 to 70, but also permitted people aged 70 and over staying in residential care institutions to be eligible.

2.3.5 In the absence of a comprehensive pension or central provident fund scheme for the elderly upon retirement, the Government expected the Old Age Allowance to serve as an important source of income for the elderly. The purpose of the allowance was to assist the elderly to remain relatively independent of the community and to provide a measure of relief for those families faced with the strain of looking after their elderly members.

### *Introduction of the means-tested Old Age Allowance for people aged 65-69*

2.3.6 In 1987, the Government introduced the Old Age Allowance for people aged 65-69 who did not qualify for PA. The purpose was to provide the elderly who had retired at the age of 65 but were not qualified for the Old Age Allowance until reaching 70 some assistance to cover their personal needs. It also reduced the financial burden of the younger generation to take care of their dependent elderly members. Nevertheless, the level of allowance for this group of recipients was lower than that for those aged 70 and above. The Allowance was also subject to an income and asset declaration.

*Introduction of the Higher Disability Allowance for severely disabled persons who required constant care*

2.3.7 In 1988, the Higher Disability Allowance was introduced to provide greater financial assistance to severely disabled persons aged 60 and above who required constant care in their daily life but were not receiving such care in a government or subvented institution. The level of allowance was twice that of the Disability Allowance.

*Special Needs Allowance Scheme renamed the Social Security Allowance Scheme*

2.3.8 On 1 July 1993, the Government renamed the Special Needs Allowance Scheme the SSA Scheme. Under the SSA Scheme, persons receiving CSSA were no longer eligible for SSA.

*Relaxation of the absence limit of the Social Security Allowance Scheme*

2.3.9 The annual permissible limit of absence from Hong Kong for SSA recipients was relaxed from 119 days to 180 days in March 1993 and has been in effect since then. The existence of the absence limit is to ensure that the non-contributory and largely non-means-tested assistance is paid to residents with a genuine connection to Hong Kong. Nevertheless, in view of the wishes of the elderly to spend more time in the Mainland without affecting their entitlement to the welfare payment, the Government is considering to further relax the absence limit from 180 days to 240 days in October 2005, subject to the continual requirement that recipients have to reside in Hong Kong for at least 90 days in a year.

Types of allowances

2.3.10 The SSA Scheme comprises four allowances:

- (a) Normal Old Age Allowance for persons aged between 65 and 69 whose income and assets do not exceed the prescribed levels<sup>11</sup>;
- (b) Higher Old Age Allowance for persons aged 70 or above;
- (c) Normal Disability Allowance for severely disabled persons who suffer from a 100% loss of earning capacity, or who are profoundly deaf; and
- (d) Higher Disability Allowance for severely disabled persons who require constant attendance in their daily life but are not receiving such care in a government or subvented institution or a medical institution under the Hospital Authority.

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<sup>11</sup> In 2005, the income and asset limits for a single person are HK\$5,910 per month and HK\$169,000 respectively, while those for a married couple are HK\$9,740 per month and HK\$254,000 respectively.

2.3.11 Please refer to Appendix VIII for levels of payment of the SSA Scheme.

#### Eligibility requirements

2.3.12 The basic residency requirement for SSA is similar to that for CSSA as discussed in paragraph 2.2.20. In addition, the application for the Normal Old Age Allowance is subject to an income and asset declaration.

#### Benchmarks for granting the Social Security Allowance

2.3.13 The benchmark for granting SSA relates to needs established by the circumstances of individuals, which other members of the community may not have, and does not have any reference to their income or assets. The level of allowance under the SSA Scheme is determined based on the basic rate of the CSSA Scheme as discussed in paragraph 2.3.3.

### **2.4 Other social security schemes**

2.4.1 Apart from helping people in need, the Government has also implemented other social security schemes to help people in crisis. These schemes, such as the Criminal and Law Enforcement Injuries Compensation Scheme, the Traffic Accident Victims Assistance Scheme and the Emergency Relief, provide short-term assistance to tide needy people over a serious and unforeseen setback which results in reduced or lost earnings or additional expenditure. Grants are available to compensate for loss of a wage-earner, various degrees of disability, additional medical expenses arising from injury and loss of earnings over an interim adjustment period. Since people eligible for these schemes are conspicuously victims of natural or other disasters, or traffic accidents, or persons injured, disabled or killed due to crime of violence or law enforcement, benchmarks for determining benefit recipients are not necessary.

## **Chapter 3 – Student Financial Assistance Schemes**

### **3.1 Overview**

3.1.1 To ensure that young people in Hong Kong receive proper education to prepare them for life and work, the Government has been investing heavily in education. Public expenditure in this policy area has accounted for about one-fifth of the government's overall budget, as shown in Table 1 in Chapter 1. The expenditure on education enables the Government to provide:

- (a) nine-year free and universal basic education for children aged six to 15;
- (b) subsidized senior secondary education or vocational training for all Secondary Three students who have the ability and wish to continue their study; and
- (c) subsidized university education for about 18% of the 17-20 age group.

3.1.2 In addition to the provision of subsidized education programmes, the Government also introduces student financial assistance for needy students to ensure that no students will be deprived of education for lack of financial means. Table 8 shows the financial assistance schemes available for students at all levels. Most schemes are means-tested, with a few non-means-tested schemes mainly for tertiary or adult students.

3.1.3 In general, the Education and Manpower Bureau is the policy bureau responsible for the overall education policies and policies relating to these student financial assistance schemes, including setting and altering their benchmarks. As for the administration of the schemes, it is the responsibility of SFAA.

**Table 8 – Financial assistance schemes for students at various education levels**

Student financial assistance scheme	Income-tested	Asset-tested	Eligible recipients
<b><i>Financial assistance schemes for post-secondary and tertiary students</i></b>			
Local Student Finance Scheme	✓	✓	Full-time students attending degree or sub-degree courses at publicly-funded tertiary educational institutions.
Financial Assistance Scheme for Post-secondary Students	✓	✓	Full-time students aged 25 and below and pursuing accredited, self-financing post-secondary education programmes.
Student Travel Subsidy Scheme	✓		Full-time tertiary students residing beyond 10 minutes walking distance from school.
Non-means Tested Loan Scheme			Students attending tertiary institutions.
<b><i>Financial assistance schemes for primary and secondary students</i></b>			
Senior Secondary Fee Remission Scheme	✓		Secondary Four to Secondary Seven students in government, aided and per caput grant schools.
Examination Fee Remission Scheme	✓		Secondary Five students sitting for the Hong Kong Certificate of Education Examination and Secondary Seven students sitting for the Hong Kong Advanced Level Examination.
School Textbook Assistance Scheme	✓		Primary One to Secondary Seven students in government, aided, per caput grant schools and private schools under the Direct Subsidy Scheme.
Student Travel Subsidy Scheme	✓		Primary and secondary students residing beyond 10 minutes walking distance from school.
<b><i>Financial assistance scheme for kindergarten pupils</i></b>			
Kindergarten Fee Remission Scheme	✓		Kindergarten pupils.
<b><i>Other financial assistance schemes</i></b>			
Project Yi Jin	Required for full reimbursement		Secondary Four and Five school leavers; Adult learners aged 21 and above; and Youths aged below 21 who have never sat for the Hong Kong Certificate of Education Examination.
Continuing Education Fund			Persons aged from 18 to 60 taking education/training courses approved by the Secretary for Education and Manpower.

3.1.4 To ensure consistency in the provision of student financial assistance at all level of studies, the Education and Manpower Bureau employs a single income test mechanism across all student financial assistance schemes to assess the financial needs of the students. The financial assistance schemes for tertiary students employ an additional asset test to distinguish those applicants who are offered a smaller amount of assistance. No information is available as to the rationale of the adoption of a second tier assessment, the asset test, for the tertiary student financial assistance schemes.

3.1.5 Table 9 shows the expenditure on student financial assistance to the total expenditure on education between 1999-2000 and 2003-04. While both expenditure statistics displayed a modest upward trend during the period, the public expenditure on student financial assistance rose at a faster rate, as reflected in the increase of their ratio from 3.5% to 4.3%.

**Table 9 – Expenditure on student financial assistance to the total expenditure on education between 1999-2000 and 2003-04**

Year	Expenditure on student financial assistance (HK\$m)	Total expenditure on education (HK\$m)	% of student financial assistance to total expenditure on education
1999-2000	1,751	50,307	3.5
2000-01	1,979	51,408	3.8
2001-02	2,203	52,232	4.2
2002-03	2,359	54,785	4.3
2003-04	2,459	57,748	4.3

Sources: The Government of the Hong Kong Special Administrative Region. (2002-2006). *Estimates for the year ending 31 March*. C&SD. (2004) *Hong Kong Annual Digest of Statistics*.

## 3.2 Local Student Finance Scheme

3.2.1 Introduced in 1969, the Local Student Finance Scheme provides financial assistance to full-time students who are attending degree or sub-degree courses<sup>12</sup> at publicly-funded tertiary educational institutions. The objective is to ensure that no qualified student will be denied access to tertiary education because of lack of means. The assistance provided is in the form of a grant for the payment of tuition fees, academic expenses and compulsory student union fees and/or a 2.5% interest-bearing loan for the payment of living expenses. The Scheme is means-tested in relation to the income and assets of the families of the student applicants. Please refer to Appendix IX for statistics on the Local Student Finance Scheme between 2002-03 and 2004-05.

### Principles of the Local Student Finance Scheme

3.2.2 The principles<sup>13</sup> governing the Scheme are as follows:

- (a) publicly-funded assistance for student finance should be given on the basis of need only;
- (b) assistance should not be linked to any particular choice of career;
- (c) assistance should be made available on the principle that no student who is offered a place in a university is unable to accept it because of lack of means;
- (d) assistance given in each case should be adequate to meet all reasonable expenses likely to be incurred by the student, taking into account his/her means and any scholarship, bursary, grant or loan received by him/her from other sources; and
- (e) as a corollary to (a), public funds should no longer be used to finance scholarships for undergraduates based on academic merit, and it should be left to the university authorities to take any steps that they deem necessary to increase the number of merit awards available to undergraduates.

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<sup>12</sup> The Scheme was extended to sub-degree courses in the academic year of 1993-94.

<sup>13</sup> Education and Manpower Branch. (1987) *Legislative Council Brief – Tuition Fees and Student Finance Assistance at the Higher Education Institutions*.

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### Rationale for granting student financial assistance in the form of grant and loan

3.2.3 According to the Government, grants cover unavoidable expenditure on tuition fees, books, stationery and equipment, which are directly related to a student's studies, while loans enable him/her to defer his/her living expenses until he/she is able to meet them. The rationale for such a combination is the Government's intention to balance government expenditure with students' financial burden. It is the Government's belief that outright grants to cover everything related to a student's studies will lead to a high level of government expenditure, which is not justified. In particular, this assistance is expected to be enjoyed by a relatively small proportion of the population who already benefit from the subsidized tertiary education.

3.2.4 On the other hand, a loan-only policy is not considered by the Government since it means that a young graduate may enter his/her career with a considerable financial burden, which may cause serious problems. Students from poor families inevitably suffer because they have to take out larger loans, and consequently start out on their careers with a greater burden of debt. As such, some students may forgo opportunities for higher education, which defeats the Government's objective of not preventing anyone from receiving higher education solely because of lack of means.

### Proportion of grant and loan

3.2.5 Prior to 1997, the amount of grant and loan allocated to a needy student was determined by the apportioning of his/her Annual Disposal Income (ADI). ADI was calculated as the sum of 100% of the parents' income and 30% of the income of unmarried siblings living with the household, less rent, school fees of siblings, medical expenses and grandparent allowances, divided by the number of family members.

3.2.6 A student was supposed to primarily rely on income available to him/her, measured in terms of his/her ADI, to finance his/her education. As such, the Government required the student to apportion a certain percentage of his/her ADI to pay for the tuition fee and other academic expenses. In the event that the total amount of tuition fee and academic expenses exceeded that portion of the student's ADI, the Government would provide a grant for the student to pay for the balance. The remaining portion of the student's ADI was to be used for financing his/her living expenses. The Government would help make up for the deficit by giving the student a loan.

3.2.7 This method of apportioning ADI to determine the respective amount of grant and loan payable was introduced in 1974. Prior to that year, students were assumed by the Government to use all their ADI to finance their education. Since not only did many students' ADI approach or even exceed educational expenses, but also the increase in ADI was faster than the increase in tuition fees, more and more students were qualified for loans only and no grant in the early 1970s. Accordingly, the Government introduced a 70:30 ratio of apportioning ADI to cover tuition fees and living expenses in 1974, with a view to reducing the loan burden on students after their graduation. Under this arrangement, 70% of an applicant's ADI was deducted from the maximum grant applicable to him/her (or the tuition fee) and the balance was the amount of grant payable. By the same token, 30% of his/her ADI was deducted from the maximum loan (or the living expenses) and the balance was the amount of loan payable.

3.2.8 Owing to the growth in ADI, the Government changed the ratio to 50:50 in 1980. Nevertheless, the Government later considered that a larger part of ADI should be set against education expenses, and thus a 60:40 ratio was introduced in 1987. The Government believed that this policy reversal would not impose too much hardship on students. The ratio was eventually abolished when the Government replaced the ADI approach with the Adjusted Family Income (AFI) formula for the income test in 1997, which has been in use since then.

#### Eligibility requirements

- 3.2.9 To be eligible for the Local Student Finance Scheme, the applicant must:
- (a) be a full-time student pursuing an eligible course at institutions funded by the University Grants Committee, the Hong Kong Institute of Vocational Education of the Vocational Training Council, the Prince Philip Dental Hospital, the Hong Kong Academy for Performing Arts and the Hong Kong Institute of Education;
  - (b) have the right of abode in Hong Kong or have resided in Hong Kong for three years; and
  - (c) not have AFI exceeding HK\$51,630 and Net Asset Value (NAV) per family member exceeding HK\$503,000 for the 2004-05 school year.<sup>14</sup>

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<sup>14</sup> SFAA. (2005) Available from: <http://www.info.gov.hk/sfaa/en/schemes/lfsfs.htm> [Accessed May 2005].

## Maximum amount of grant and loan

### *Grant*

3.2.10 The maximum grant for a student is equal to the tuition fee payable to the local institution concerned and academic expenses for his/her course of study plus the compulsory union fees.<sup>15</sup> Accordingly, the maximum grant for individual applicants varies.

### *Loan*

3.2.11 The maximum loan for living expenses is standardized for all students, which is HK\$33,190 in 2004-05.<sup>16</sup> The loan amount is calculated, based upon the result of the Student Expenditure Survey conducted in 1999. The maximum loan amount is adjusted regularly with reference to the movement of the Student Price Index, which measures the price changes of the commodity items purchased by students surveyed.

#### Student Expenditure Survey

3.2.12 The 1999 Student Expenditure Survey was carried out with a matrix sampling. Students from the local universities were asked to keep detailed diaries of their actual spending for two weeks during different periods of time in the year. The spending patterns of the university students over the whole year were then reconstituted from the matrix samples. Based upon the survey results, an estimate of what a student would actually need in order to survive was generated.

#### Interest on loan

3.2.13 The current interest rate on the loans to students under the Scheme is 2.5%. This interest rate was established in 1987 in accordance with the recommendation of reducing the level of subsidy to tertiary education in the Public Accounts Committee Report No. 8 of January 1986. At that time, the Government estimated that the application of an annual interest rate of 2.5% would not cause undue hardship to students. Prior to 1987, the loans to students were interest-free.

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<sup>15</sup> For students attending full-year placement/industrial training, the expenses involved are not normally considered academic expenses unless the institutions advise that they are required expenses related to academic study.

<sup>16</sup> SFAA. (2005) Available from: <http://www.info.gov.hk/sfaa/en/schemes/lfsf.htm> [Accessed April 2005].

### Actual amount of grant and loan

3.2.14 The actual amount of grant and loan is determined by first performing a calculation based upon the AFI formula applicable to the student, and then adjusting the result according to NAV of his/her family.

### *Adjusted Family Income*

3.2.15 In 1996, SFAA commissioned a consultancy to review the cost-effectiveness of the Local Student Finance Scheme. One of the consultancy's recommendations was to improve the assessment formula of income, expenditure and assets to enhance fairness and efficiency of the Scheme. The proposed AFI formula, unlike the ADI approach, takes into account the family income component only and disregards the expenditure component. The reasons are as follows:

- (a) typical families normally have less discretion on how much they earn than they spend. The ADI formula tends to provide less assistance to families which exercise prudence in spending whilst providing more assistance to those who spend more, particularly on mortgage and real estate;
- (b) the co-existence of income and expenditure tests makes the assessment formula and vetting procedures complex and time-consuming to administer; and
- (c) the selection of deductible expenditure items is often arbitrary and unfair.

3.2.16 Introduced in 1997, the AFI formula works out the expected family resources available for the applicant to support his/her study. It is equal to the sum of the annual income of the parents (100%), unmarried siblings (30%) and the applicant (100%), less medical expenses of chronically-ill household members, divided by the number of members in the household plus a factor of one.<sup>17</sup> The lower AFI is, the greater is the percentage of financial assistance provided to the applicant. In 2004-05, applicants with AFI below HK\$19,332 are eligible for full grant, while applicants with AFI exceeding HK\$51,360 are not eligible for any financial assistance. Please refer to Appendix X for the ready reckoner<sup>18</sup> under AFI in 2004-05. The AFI ready reckoner is adjusted annually in accordance with the movement of CPI (A).

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<sup>17</sup> The plus one factor helps ensure that small families are not disadvantaged under a per capita income based formula compared with large families, which have the advantage of economies of scale.

<sup>18</sup> The ready reckoner shows how the AFI formula works in determining a student's eligibility for assistance under the Scheme. A student first works out the AFI group into which his/her family's income falls. He/she then reads across the table to find the percentage of grants and loans he/she is entitled against the maximum grant and loan levels respectively.

#### Income component

3.2.17 While AFI contains the annual family income of the student, scholarships are excluded so as to encourage student participation in institutional activities. However, studentship for research students is counted since it is considered a regular income to support the student's academic and living expenses.

#### Expenditure component

3.2.18 Although the AFI formula disregards almost all of the expenditure component, it takes into account the medical expenses of chronically-ill household members as these expenses are genuinely "uncontrollable" and "unavoidable", and thus are deducted from the family income in the assessment formula, subject to the production of receipts. This expenditure component does have a maximum limit (HK\$13,990 in 2004-05)<sup>19</sup>, and is adjusted annually in line with inflation.

#### *Net Asset Value*

3.2.19 Under the Local Student Finance Scheme, the amount of both grant and loan from the first tier of the assessment is further adjusted by the second tier of the assessment, the asset test. The asset test is based on the calculation of NAV of the applicant's family. It is the net value of the fixed and liquid assets of the applicant's household divided by the number of household members. The applicant's NAV is checked against a sliding scale of asset values for adjusting downward the resultant grant and loan from the first-tier test to derive the actual amount of grant and loan given to the applicant. The higher NAV is, the lower is the discounting factor of both grant and loan provided to the applicant. Please refer to Appendix XI for the sliding scale of asset values for discounting grant and loan assistance in 2004-05.

#### Equal treatment of fixed and liquid assets

3.2.20 Before the review of the Local Student Finance Scheme in 1996, the asset test had favoured the holding of real estate properties over liquid assets, such as bank deposits, shares and vehicles. For instance, if a student's family owned a second flat for investment (irrespective of its worth) and the parents were holding liquid assets less than HK\$320,000, the applicant might still be eligible for some assistance. On the other hand, if another applicant's family lived in a self-owned flat without owning other properties and held liquid assets in excess of HK\$360,000, he/she would not be eligible for any assistance. To enhance equity, the Government decided that liquid and fixed assets were treated on the same basis under the Local Student Finance Scheme from 1997 onwards, which were in line with the practice adopted in other government assistance schemes, such as the PRH Scheme.

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<sup>19</sup> SFAA. (2005) Available from: <http://www.info.gov.hk/sfaa/en/schemes/lfs/calculator/calculator.htm> [Accessed May 2005].

#### Asset value limit at HK\$500,000

3.2.21 The Government fixed the net asset limit per household member at HK\$500,000 in 1997 because an applicant living solely on the investment proceeds of an HK\$500,000-worth asset, at a reasonable rate of return, approached the cut-off point in the AFI ready reckoner which would disqualify him/her from receiving any assistance. In addition, the net asset limit is set on a per capita basis, rather than on a household basis, to avoid hardship on large families and unjustified generosity towards smaller ones. Both the net asset limit and the sliding scale are revised in line with any adjustments to the AFI ready reckoner.

#### Value of the first home is discounted

3.2.22 According to the Government, given that home ownership is generally accepted as a legitimate aspiration of ordinary families and that the rate of return from the first home used for self-occupation by the family concerned is more theoretical than real, the value of the first home is discounted in calculating the net assets of the applicant's family.

#### Benchmarks for granting the Local Student Finance assistance

3.2.23 Under the principle of no students to be denied access to education because of lack of means, the benchmark for granting the Local Student Finance assistance primarily ties to a student's family income and assets. On the income side, the family income, expressed in terms of AFI, is compared with the criterion specified in paragraph 3.2.9 (c). On the assets, both the fixed and liquid assets are taken into account on an equal basis with the value of the first home discounted, and again the criterion specified in paragraph 3.2.9 (c) applies.

### **3.3 Financial Assistance Scheme for Post-secondary Students**

3.3.1 Introduced in 2001-02, the Financial Assistance Scheme for Post-secondary Students provides financial assistance to needy full-time students aged 25 and below and pursuing accredited, self-financing post-secondary education programmes.<sup>20</sup> The objective is to increase the opportunities for secondary-school leavers to pursue post-secondary education. Assistance is provided in the form of a grant or loan for the payment of tuition fees. Please refer to Appendix XII for some statistics on the Financial Assistance Scheme for Post-secondary Students between 2002-03 and 2004-05.

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<sup>20</sup> Students enrolled in the local universities are thus not eligible for this assistance.

### Eligibility requirements

3.3.2 Listed below are the major eligibility requirements for the application of the Financial Assistance Scheme for Post-secondary Students:

- (a) the applicant must be a registered full-time student, aged 25 or below;
- (b) the applicant must not have applied for financial assistance under any other publicly-funded student finance assistance schemes; and
- (c) the applicant has the right of abode in Hong Kong or has resided in Hong Kong for three years.

### Amount of assistance

3.3.3 Basically, all applicants passing both the income and asset tests are offered financial assistance, either a grant or loan. The determination of whether they are offered a grant or loan depends upon the values of AFI and NAV of their families. Only those eligible for 100% financial assistance under both the AFI formula and the NAV test in the Local Student Finance Scheme are offered a grant. The other eligible applicants receive a loan.

3.3.4 Since the objective of this scheme is to finance the tuition fees of needy post-secondary students, the maximum amount of assistance is set equal to the annual tuition fee payable for the accredited programme subject to a ceiling of HK\$55,890 in 2004-05.<sup>21</sup> The actual amount of assistance is calculated based on the applicant's AFI, measured against the ready reckoner which shows the percentage of financial assistance for various AFI groups. The resulting amount is then further adjusted in accordance with the sliding scale of NAV. The ceiling of both grant and loan is reviewed annually and adjusted if necessary.

### Benchmarks for granting the Financial Assistance Scheme for Post-secondary Students assistance

3.3.5 The benchmarks for granting financial assistance under the Financial Assistance Scheme for Post-secondary Students relate to the means of the applicant, which are measured in terms of AFI and NAV. In fact, those applicants who would be eligible for 100% financial assistance under both the AFI formula and the NAV test in the Local Student Finance Scheme are offered a grant under the Financial Assistance Scheme for Post-secondary Students. On the other hand, those applicants who would not be eligible for 100% assistance under both the AFI formula and the NAV test are offered a loan. No information is available as to the rationale of this arrangement.

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<sup>21</sup> SFAA. (2005) Available from: <http://www.info.gov.hk/sfaa/entext/schemes/fasp.htm> [Accessed April 2005].

### **3.4 Financial assistance for Primary and Secondary students**

3.4.1 There are financial assistance schemes for both primary and secondary students, with the major ones being listed below:

- (a) Senior Secondary Fee Remission Scheme;
- (b) Examination Fee Remission Scheme; and
- (c) School Textbook Assistance Scheme.

#### Senior Secondary Fee Remission Scheme

3.4.2 The Senior Secondary Fee Remission Scheme provides assistance in the form of fee remission to needy Secondary Four to Secondary Seven students to continue their secondary education in government, aided and per caput grant schools.

3.4.3 When the Scheme was first introduced in 1965, it catered for needy students attending both primary and secondary government and aided schools. After the subsequent introduction of free primary education in 1971 and free junior secondary education in 1978, the Scheme became applicable only to Secondary Four to Seven students in all government and aided schools, per caput grant schools and assisted private schools. The Senior Secondary Fee Remission Scheme was further extended to students in bought-place secondary schools in 1990. Please refer to Appendix XIII for some statistics on this Scheme between 2000-01 and 2004-05.

#### *Benchmark for granting the assistance under the Senior Secondary Fee Remission Scheme*

##### Points Scoring System

3.4.4 Before the 2002-03 school year, the benchmark for granting financial assistance under this scheme was linked to the means of an applicant's family. A Points Scoring System (PSS) was employed to means test the applicant based on family income, family size and composition of dependent members. Under PSS, families of the same size and within the same income bracket could receive different levels of assistance (full rate or half rate) as a result of differences in family composition. For example, given the same income level, a student from a family consisting of one couple, one senior secondary and one junior secondary students was eligible for full rate assistance, while a student from a family consisting of one couple and two junior secondary students was only eligible for half rate assistance. Please refer to Appendix XIV for details of PSS.

### Replacement of the Points Scoring System with the Adjusted Family Income formula

3.4.5 Starting from the 2002-03 school year, the Government has replaced PSS with the AFI formula adopted in the Local Student Finance Scheme. Under the new arrangement, families with AFI qualifying for 100% grant according to the ready reckoner receive full grant assistance under the Senior Secondary Fee Remission Scheme as well as other student financial assistance schemes which will be discussed in the ensuing paragraphs. Those with AFI qualifying for partial grant according to the ready reckoner receive half grant assistance under this Scheme.

#### *Level of assistance*

3.4.6 In 2004-05, the full fee remission for Secondary Four to Five and Secondary Six to Seven students is HK\$5,050 and HK\$8,750 respectively.

#### Examination Fee Remission Scheme

3.4.7 The Examination Fee Remission Scheme provides financial support to Secondary Five and Secondary Seven students to pay the examination fees for the Hong Kong Certificate of Education Examination and the Hong Kong Advanced Level Examination. Students who are eligible for full tuition fee remission under the Senior Secondary Fee Remission Scheme are eligible for full examination fee remission. Under this eligibility requirement, the benchmark for this Scheme is also dependent upon the sole means test on AFI. Please refer to Appendix XV for some statistics on the Examination Fee Remission Scheme between 2000-01 and 2004-05.

#### School Textbook Assistance Scheme

3.4.8 The School Textbook Assistance Scheme was first introduced for students of government and aided primary schools only in the 1968-69 school year. It was extended to cater for junior secondary students in 1982 and for senior secondary students in the 1998-99 school year. The School Textbook Assistance Scheme provides cash grants to eligible Primary One to Secondary Seven students in government, aided, per caput grant schools and local private schools under the Direct Subsidy Scheme for purchasing essential textbooks and stationery.

*Level of assistance*

3.4.9 The maximum amount of assistance under this Scheme is equal to the average cost<sup>22</sup> of textbooks and stationery at the respective level of study. Please refer to Appendix XVI for the textbook grants rates for students at various levels of education in 2004-05.

*Benchmark for granting the assistance under the School Textbook Assistance Scheme*

3.4.10 The benchmark for granting the assistance under the Senior Secondary Fee Remission Scheme also applies to the School Textbook Assistance Scheme, where both the eligibility of and the assistance level for the applicant depend on the applicant's AFI. Appendix XVII provides some statistics on the School Textbook Assistance Scheme between 2000-01 and 2004-05.

**3.5 Student Travel Subsidy Scheme**

3.5.1 It is the Government's policy to ensure that students are not deprived of education owing to lack of financial means. Needy students pursuing full-time studies from primary education up to college degrees are provided with subsidies, on a means-tested basis, to meet the cost of their home-school travel under the Student Travel Subsidy Scheme.

Development of the Student Travel Subsidy Scheme*Student Travel Card Scheme*

3.5.2 Financial assistance for student travel was first offered in 1971 when the Government started to reimburse public transport operators for the cost of maintaining concessionary fares for student travel. In 1981, a new scheme was introduced, providing a full-time student aged 12 to 25 with a travel card to travel on public transport at half fare. The Government paid the transport operators a sum to make up for the fare revenue forgone. These travel concessions were not subject to any means tests.

3.5.3 In 1988, the Student Travel Card Scheme was modified. Instead of reimbursing the transport operators, payments were made to students or their families. The objective of the modified scheme was to subsidize, irrespective of the student's financial needs, part of the cost of trips between home and the place of study, as well as part of the cost of some extra-curricular trips. The scheme was subsequently replaced by the Student Travel Subsidy Scheme in 1991.

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<sup>22</sup> The average cost is determined annually based on a survey of the actual cost of textbooks for students at various education levels conducted in the summer preceding the start of the school year.

3.5.4 According to the Government, the Student Travel Card Scheme was not means-tested because:

- (a) it was desirable to assist needy students who would otherwise experience hardship in meeting the cost of essential travel to and from schools; and
- (b) it was considered expedient that those who were obliged to travel an excessive distance to school, owing to a shortage of school places nearby, should be assisted.

#### *Student Travel Subsidy Scheme*

3.5.5 The Student Travel Subsidy Scheme, a means-tested scheme, was introduced in 1991 and substantially enhanced in 2000. Under the Scheme, needy students aged 12 and above who had not completed their college degree and who lived beyond 10 minutes' walking distance from school and travel to school by public transport might receive, depending on their AFI, some subsidy for home-school travel during term time. Please refer to Appendix XVIII for some statistics on the Student Travel Subsidy Scheme between 2000-01 and 2004-05.

3.5.6 The calculation of travel subsidy payable to needy students under the Student Travel Subsidy Scheme was based on the average unit fare relevant to the Tertiary Planning Units (TPUs)<sup>23</sup> in which the students resided and studied during term time. The average fare was determined by reference to a fare matrix which held data on public transport travel expenses linking TPUs in which the students resided and location of schools. Such data was derived from periodic surveys conducted by SFAA on student travel patterns and expenditure.

3.5.7 The difference in AFI groups determined whether the applicant received full or half rate of assistance. According to the ready reckoner, those students with AFI qualifying for the full level received full rate assistance (or the full average fare), while those with AFI not qualifying for full level received half rate assistance.

3.5.8 In the case of the Mass Transit Railway, all full-time students aged below 25 were eligible for concessionary student fare irrespective of their means.

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<sup>23</sup> A Tertiary Planning Unit is a geographic reference system demarcated by the Planning Department for the territory of Hong Kong.

#### Rationale for means test

3.5.9 According to the Government, the Student Travel Subsidy Scheme was means-tested based on the following reasons:

- (a) the per capita and household incomes had increased significantly since the early 1970s, and it was unlikely that the average family would face undue hardship if the student travel subsidy was scaled down or withdrawn;
- (b) with the rapid expansion of the secondary and tertiary education over the past decades, coupled with an improved and more efficient public transport network and the spread of both population and schools to the New Towns, schools were more accessible to students; and
- (c) when planning for the location of new schools, the Government's aim was that no student had to travel an unreasonable distance in order to go to school.

#### *Cross-net Travel Subsidy Scheme*

3.5.10 The Cross-net Travel Subsidy Scheme, a means-tested scheme introduced in 1998 and incorporated into the Student Travel Subsidy Scheme in the 2004-05 school year, provided needy primary school students aged below 12 with a travel subsidy if they attended public schools located outside their residing Primary One Admission Net, lived beyond 10 minutes' walking distance from school and travelled to school by public transport. Please refer to Appendix XIX for some statistics on the Cross-net Travel Subsidy Scheme between 2000-01 and 2003-04.

3.5.11 The amount of subsidy varied amongst students, depending on the districts the students resided in and the districts their schools situated, as discussed in paragraphs 3.5.6. However, all eligible students were granted the full rate of assistance under this scheme.

### Merge of the Student Travel Subsidy Scheme and the Cross-net Travel Subsidy Scheme

3.5.12 The Government has incorporated the Cross-net Travel Subsidy Scheme into the Student Travel Subsidy Scheme in the 2004-05 school year in view of the following reasons:

- (a) The development of whole-day primary schooling has resulted in students being relocated to new school premises which are farther away from home, even within the same Primary One Admission Net;
- (b) The Primary One Admission Nets are reviewed annually and redrawn to meet the demand for school places and to provide parents with more choices in selection of schools.<sup>24</sup> The corresponding changes have resulted in the incurrence of travel expenses for some students who, nonetheless, are not eligible for subsidy under the Cross-net Travel Subsidy Scheme;
- (c) Needy students attending primary schools under the Direct Subsidy Scheme and private primary schools are not eligible for subsidy under the Cross-net Travel Subsidy Scheme; and
- (d) The one-tier subsidy arrangement of the Cross-net Travel Subsidy Scheme is not consistent with the two-tier subsidy arrangement (full or half rate) of the Student Travel Subsidy Scheme.

### Level of subsidy

3.5.13 The method of calculating the level of subsidy under the new Student Travel Subsidy Scheme remains unchanged as the previous practice discussed in paragraphs 3.5.6 and 3.5.7.

### Benchmarks for granting the student travel subsidy

3.5.14 The benchmark for granting this subsidy is again measured by the applicant's AFI. Applicants with AFI qualifying for full level according to the ready reckoner would receive full rate assistance (or the full average fare), while those with AFI not qualifying for full level assistance according to the ready reckoner receive half rate assistance.

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<sup>24</sup> The number of Primary One Admission Nets was reduced from 59 in the 1998-99 school year to 55 in the 2003-04 school year, and has further been reduced to 47 in the 2004-05 school year.

### **3.6 Project Yi Jin**

3.6.1 Project Yi Jin was launched in October 2000 as a new bridging programme to provide an alternative route to expand continuing education opportunities for Secondary Five school leavers and adult learners aged 21 and above. The objective is to promote lifelong learning to upgrade human resources and enhance the competitiveness of Hong Kong in an increasingly knowledge-based society. Starting from the 2004-05 school year, Project Yi Jin has also accepted Secondary Four school leavers and youths aged below 21 who have never sat for the Hong Kong Certificate of Education Examination.

3.6.2 Students of Project Yi Jin are reimbursed 30% of the tuition fees of the modules which they have successfully completed, irrespective of their financial conditions. Needy students who have passed the means test, again the AFI formula, can have their tuition fees fully reimbursed upon successful completion of each module.

### **3.7 Kindergarten Fee Remission Scheme**

#### Kindergarten Fee Assistance Scheme

3.7.1 Introduced in 1981, the Kindergarten Fee Assistance Scheme provided subsidies to needy families for paying kindergarten fees. The eligibility for assistance was based on the applicants' total family income after rent (maximum deduction was 30% of the total income). Children from families, whose total income after rent deduction was at the PA rate or below, were eligible for the assistance which was the lesser of the actual fee charged by the kindergarten or the weighted average fee charged by non-profit-making kindergartens.

3.7.2 Where the applicant's family income after rent deduction was above the PA rate, the amount of assistance granted was the difference between the lesser of the actual fee charged by the kindergarten or the weighted average fee charged by non-profit-making kindergartens, and the amount of the parents' contribution which was equivalent to HK\$15 for each additional HK\$100 earned over the PA rate. The assistance was paid directly to the kindergarten monthly by the Education Department, subject to certification of the child's attendance.

### Kindergarten Fee Remission Scheme

3.7.3 The *Second Report of the Education Commission* published in 1986 recommended that government assistance to kindergartens should be directed towards parents rather than operators and remain means-tested. The Commission proposed a new fee assistance scheme which was intended to favour parents choosing kindergartens which spent more on staff. This mechanism was believed to enable market forces to influence operators to pay trained staff properly.

3.7.4 In 1990, the Kindergarten Fee Remission Scheme was introduced to replace the Kindergarten Fee Assistance Scheme. Parents in need were provided with financial assistance, in the form of fee remission, so that their children could receive pre-primary education. In line with the financial assistance schemes for secondary and primary students at the time, the benchmark for the Kindergarten Fee Remission Scheme was related to the means of an applicant's family measured by PSS, and the assistance provided was at two levels, namely full or half rate.

### Introduction of the 75% fee remission

3.7.5 In a report issued in September 2000, the Education Commission recommended the Government to relax the eligibility requirements of the Kindergarten Fee Remission Scheme and increase the level of assistance to benefit more families. As a result, the Government introduced a new level of 75% fee remission in 2002-03 when PSS was replaced by the AFI formula. The new scheme has been followed since then. The 75% fee remission is available for families not eligible for 100% remission but whose AFI is at or above a level qualifying for a notional 75% assistance under the AFI ready reckoner. Please refer to Appendix XX for the rate of subsidy by AFI group.

3.7.6 Under the new scheme, the amount of fee remission is equal to the actual fee charged or the weighted average fee of non-profit-making kindergartens, whichever is the lower. In 2004-05, the weighted average fee per month of non-profit-making kindergartens is HK\$1,279 for half-day sessions, and HK\$2,260 for whole-day sessions. Please refer to Appendix XXI for some statistics on the Kindergarten Fee Remission Scheme between 2002-03 and 2004-05.

## **3.8 Non-means-tested student financial assistance schemes**

### Non-means-tested Loan Scheme

3.8.1 The Non-means-tested Loan Scheme, introduced in 1997, provides financial assistance in the form of loans to all students studying in tertiary institutions for paying their tuition fees.

*Objectives of the Non-means Tested Loan Scheme*

3.8.2 The purpose of introducing the Non-means Tested Loan Scheme is to replace the Extended Loan Scheme<sup>25</sup> and complement the Local Student Finance Scheme. The objectives of the Scheme are to:

- (a) offer a new channel of finance to those students who prefer to pursue tertiary studies on their own without relying on family support;
- (b) assist those students who cannot obtain financial support from their families due to domestic problems or special family circumstances but do not wish to reveal their situation to SFAA as required under the Local Student Finance Scheme;
- (c) enable students to meet education-related expenses not currently covered by the Local Student Finance Scheme, e.g. purchase of personal computers; and
- (d) relieve students from having to work part-time for excessive hours and/or resort to high-interest commercial credit facilities to finance their living costs and other academic expenses.

*Benchmarks for granting the Non-means Tested Loan Scheme*

3.8.3 The benchmarks for granting loans under this Scheme are related to specific needs of students as discussed in the previous paragraph. The Government considers that it is not justified for taxpayers to subsidize students in such situations, and thus the Scheme is operated on a no-gain-no-loss and cost-recovery basis.

*Amount of loan payable*

3.8.4 The maximum amount of loan provided is capped at the tuition fees payable. To prevent possible abuses of employing the Non-means Tested Loan Scheme for non-educational purposes, the loans are disbursed to the institutions concerned direct.

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<sup>25</sup> The Extended Loan Scheme was introduced as an additional component of the Local Student Finance Scheme in 1995 for students who marginally failed the means test under the Local Student Finance Scheme as well as for those successful applicants who received a low level of financial assistance under the Local Student Finance Scheme.

3.8.5 Interest is charged on the capital once the loan is drawn down and on the reducing capital throughout the repayment period.<sup>26</sup> An administrative fee is also charged on a full cost-recovery basis, to be adjusted periodically, upon application and annually thereafter until full repayment of the loan. The interest rate changes in line with periodic adjustments to the Civil Service Housing Loan Scheme rate.

3.8.6 The interest rate for the Non-means-tested Loan Scheme is set to be equal to the Civil Service Housing Loan Scheme Interest Rate, a no-gain-no-loss parameter, plus a 1.5% risk adjustment factor. The inclusion of a risk factor seeks to cover the risks incurred by the Government in disbursing unsecured loans.

#### Continuing Education Fund

3.8.7 Introduced in April 2002, the non-means-tested Continuing Education Fund subsidizes adults with learning aspirations to pursue continuing education and training courses so as to better prepare them for the knowledge-based economy. Persons aged from 18 to 60 taking education and training courses approved by the Secretary for Education and Manpower are eligible for the assistance, irrespective of their financial conditions. In other words, the benchmark for granting this assistance is not related to either needs or means. Applicants are reimbursed 80% of their course fees, on successful completion of the course but subject to a maximum sum of HK\$10,000, within a two-year time. The assistance level is set with reference to the fee level of courses currently available in the market.

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<sup>26</sup> As at June 2005, the interest rate of the Non-means-tested Loan Scheme is 5.025% per annum. Source: SFAA. (2005) Available from: <http://www.sfaa.gov.hk/eng/whats/index.htm> [Accessed June 2005].

## Chapter 4 – Subsidized Health Care Schemes

### 4.1 Background

4.1.1 In the early 1960s, with the increase in cost of medical services relative to the prevailing wage level, the Government estimated that 50% of the population were unable to afford unsubsidized out-patient medical services and that 80% were unable to afford unsubsidized in-patient treatment. It was against this background that in its first White Paper on health care services, *Development of Medical Services in Hong Kong*, published in 1964, the Government stipulated that its policy on the provision of public health care services was "to provide, directly or indirectly, low cost or free medical and personal health services to that large section of the community which is unable to seek medical attention from other sources".

4.1.2 The policy objective was modified in the 1974 White Paper, *Further Development of Medical and Health Services in Hong Kong*, which outlined a 10-year health care policy for the territory. The revised policy objective was to "safeguard and promote the general health of the community as a whole and the need to ensure the provision of medical and personal health facilities for the people of Hong Kong, including particularly that large section of the community which relies on subsidized medical attention". Since the Government did not have a differential charging policy in place, public health care services in effect were accessible to all Hong Kong residents regardless of income. The resulting provision of "low cost or free" health care services entailed heavy government subsidy.

4.1.3 In 1985, a government consultant, W. D. Scott, was commissioned to review the management of the then existing hospital system. The consultant in its report *The Delivery of Medical Services in Hospitals* recommended that an independently administered hospital system should be established and the cost of hospital services should be reduced and recovered. In October 1988, the Government established the Provisional Hospital Authority which published a report on cost recovery in 1989. The report suggested that the eventual cost recovery for hospital services should be between 15% and 20%.<sup>27</sup> The Provisional Hospital Authority was replaced by the Hospital Authority in 1990.

4.1.4 Between 1990 and 2000, the Government published two public consultation documents on health care financing, namely *Towards Better Health*<sup>28</sup> and *Improving Hong Kong's Health Care System – Why and for Whom*<sup>29</sup>. However, no major decision on health care financing was made.

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<sup>27</sup> *Official Records of Proceedings of the Legislative Council*. (1990) 4 April.

<sup>28</sup> *Towards Better Health* is commonly known as the *Rainbow Document*.

<sup>29</sup> *Improving Hong Kong's Health Care System – Why and for Whom* is commonly known as the *Harvard Report*.

4.1.5 Having regard to the outcomes of the consultation exercises conducted between 1990 and 2000, the Government published the Health Care Reform Consultation Document<sup>30</sup> in December 2000. In this paper, the Government reaffirmed its commitment to continue to invest in the provision of public health care services. However, in the light of rapidly rising costs, the Government stated that it needed to identify supplementary sources of funding to ensure the financing of the public health care system was sustainable in the long run. One of the strategic directions was to revamp the fee structure of public health care services so that resources could be spent on most needed areas and the services remained accessible and affordable to all individuals.

4.1.6 Subsequent to the completion of the public consultation on the Health Care Reform Consultation Document, the Government formed a Study Group<sup>31</sup> to research on various health care financing options as well as to assess the feasibility of implementing a medical savings scheme in Hong Kong. The results of the research were released in June 2004. Given the complexity of the subject, the Study Group is conducting further studies to examine the roles and features of the medical savings scheme and how it complements other measures developed for the existing public health care system.

## **4.2 Fees and charges for public health care services**

4.2.1 The Hospital Authority Ordinance (Cap.113) stipulates that the Secretary for Health, Welfare & Food may give directions to the Hospital Authority to determine the fees payable for health care services provided by public hospitals and to specify the circumstances in which such fees may be reduced or waived.

4.2.2 The Government is currently providing a comprehensive range of health services at a heavily subsidized rate. Table 10 shows that the proportion of medical fee income accounted for only some 2.5% of the total income of the Hospital Authority before the revamp of the fee structure in 2003. The proportion of medical fee income rose only modestly to 3.9% of the total income of the Hospital Authority in 2004.

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<sup>30</sup> The Health Care Reform Consultation Document is entitled *Lifelong Investment in Health*.

<sup>31</sup> The Study Group was composed of medical professionals, actuaries, economists and social scientists from various universities, the Health, Welfare and Food Bureau, the Hospital Authority and the Department of Health.

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**Table 10 – Proportion of medical fee income to the total income of the Hospital Authority between 2000 and 2004**

Year	Medical fee income* (HK\$m)	Total income (HK\$m)	% of medical fee income to total income
2000	721	29,605	2.4
2001	754	30,336	2.5
2002	782	31,474	2.5
2003	849	31,325	2.7
2004	1,243	31,858	3.9

Remark : \* Medical fee income is net of waivers.

Source : Hospital Authority. (2000-2004) *Hospital Authority Annual Report 2000-2001 and 2003-2004*.

4.2.3 Table 11 shows the current fees and charges for public health care services for both Hong Kong and non-Hong Kong residents. While Hong Kong residents pay a fixed, all-inclusive fee for both hospital and specialist services, non-Hong Kong residents pay the full cost or the market rates for the same services. In general, the subsidy for public health care services for Hong Kong residents stands at a fairly high level, ranging from 76% to 97% of the full costs.

**Table 11 – Fees and Charges for Public Health Care Services (implemented since 1 April 2003)**

Service	Fee level for Hong Kong residents	Fee Level for non-Hong Kong residents	% of subsidy to Hong Kong residents
Accident & Emergency	HK\$100 per attendance	HK\$570 per attendance	82
In-patient (general acute beds)	HK\$100 per day plus HK\$50 admission fee for the 1st day	HK\$3,300 per day	97
In-patient (convalescent, rehabilitation, infirmary and psychiatric beds)	HK\$68 per day	HK\$1,200 for psychiatric beds	94
Special intensive care ward/unit	Not available	HK\$18,100 per day	Not applicable
Intensive care ward/unit	Not available	HK\$13,900 per day	Not applicable
High dependency ward/unit	Not available	HK\$9,800 per day	Not applicable
Nursery	Not available	HK\$640 per day	Not applicable
Specialist out-patient	HK\$60 per attendance (or HK\$100 for the 1st attendance), plus HK\$10 per drug item	HK\$700 per attendance	91
General Out-patient	HK\$45 per attendance	HK\$215 per attendance	79
Dressing & Injection	HK\$17 per attendance	HK\$70 per attendance	76
Geriatric, Psychiatric & Rehabilitation day hospital	HK\$55 per attendance	HK\$880 per attendance	94
Community nursing (general)	HK\$80 per visit	HK\$340 per visit	76
Community nursing (psychiatric)	Free	HK\$1,050 per visit	Not applicable
Community allied health services (general)	HK\$64 per treatment	HK\$1,050 per visit	94
Community allied health services (psychiatric)	Free	HK\$1,050 per visit	Not applicable

Source: Hospital Authority. (2005) Available from: <http://www.ha.org.hk> [Accessed May 2005].

Principles for revamping the structure of fees and charges for public health care services

4.2.4 Following the 2000 review, the Government has carried out another review of the existing fee structure so that financial assistance could be targeted at various services in the most appropriate manner. In reviewing the fee structure, the Government has adopted the following principles:

- (a) Cost sharing – while maintaining access to public health care services for all members of the public, patients should share the cost of service, especially those who can afford to pay more;
- (b) Affordability – the fee structure should be affordable to both the general public and to lower income groups, and those who cannot afford should be helped with a fee waiver system;
- (c) Minimizing unnecessary use – the charge to public health care services should be increased to reduce unnecessary use of services, such as fees for the Accident and Emergency (A&E) service;
- (d) Resource prioritization – higher subsidies should be provided to patients for services of greater needs and services which carry major financial risks to patients;
- (e) Facilitating access by vulnerable groups – public subsidies should be focused on low-income groups and chronic patients; and
- (f) Public acceptance – the fee structure should be designed in such a way so that it can be clearly understood by patients and providers, and that it is politically acceptable and administratively simple.

### Factors affecting the level of subsidy for health care services

4.2.5 In determining the most appropriate level of subsidy for individuals to access public health care services, the Government gives regard to the following factors:

- (a) the Government's global budget and its ability and policy to fund health care services vis-à-vis other social programmes;
- (b) the costing of the Hospital Authority in providing health care services, which is affected by factors such as inflation and the pace of technological advancement, etc.;
- (c) the ability of users in paying for public health care services;
- (d) demand for public health care services and its growth over time, and the role of the private sector in the provision of health care services; and
- (e) the proportion of the population having difficulty in paying for health care expenditure and being eligible for the financial assistance provided by the Government.

## **4.3 Medical Fee Waiver Mechanism**

4.3.1 The basic principle of the Government's public health care policy is that no one should be denied adequate medical care due to lack of means. To ensure that this principle is upheld, on top of the heavily subsidized public health care services, a medical fee waiver mechanism has been in place for vulnerable patients since the early 1970s. Patients who cannot afford medical fees can apply for a fee waiver with the medical social workers of public hospitals and clinics. The medical social workers assess the application with respect to the financial, social and medical conditions of the applicants on a household basis, and determine if the applicants are eligible for fee waivers. They also have the discretion to decide the duration of the fee waiver period (the longest period being one year) based on actual needs and conditions of the patients.

4.3.2 The latest fee waiver mechanism has been implemented since 2002, following the revamp of the fee structure of public health care services. Under the present mechanism, low-income patients, chronically-ill patients and elderly patients in economic hardship are granted a fee waiver for A&E and other public medical services. The fee waiver granted is either one-off or valid for a period of time (usually six months).

4.3.3 In 2004, the Hospital Authority received 81 849 waiver applications, among which 75 959 (92.8%) applications were granted full waivers and 5 758 (7.0%) were granted partial waivers, and the remaining 132 applications were denied.<sup>32</sup>

#### Principles of the Waiver Mechanism

4.3.4 Listed below are the guiding principles of the fee waiver mechanism:

- (a) public funds should be channelled to the vulnerable groups, i.e. low-income patients, chronically-ill patients and elderly patients with little income and assets, and to services which carry major financial risks to patients;
- (b) there should be a set of objective and transparent criteria to assess a patient's eligibility for exemption from payment of public medical fees. In this connection, both financial and non-financial factors are taken into consideration; and
- (c) the mechanism should facilitate accessibility to services, while maintaining a low administrative and operating cost.

#### Eligibility requirements

4.3.5 According to the Hospital Authority, there are two eligibility requirements for granting a fee waiver to a patient for receiving public health care services:

- (a) the monthly household income of the patient is below or equal to 75% of the Median Monthly Domestic Household Income (MMDHI) applicable to the household size of the patient as shown in Appendix XXII; and
- (b) the value of the household asset of the patient is within the prescribed limit applicable to the household size of the patient as listed in Appendix XXIII.

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<sup>32</sup> The Government of the Hong Kong Special Administrative Region. (2005) *Press Release: LCQ12: Medical Fee Waiver Mechanism*. Available from: <http://www.info.gov.hk> [Accessed March 2005].

### Level of subsidy

4.3.6 Patients with monthly household income below the monthly CSSA payment applicable to their household size, which is about 50% of MMDHI; and passing the asset test, are considered for a full waiver of their medical fees at public clinics/hospitals. Patients whose monthly household income is between 50% to 75% of MMDHI applicable to their household size and who pass the asset test are considered for a half or full waiver of medical fees on a case-by-case basis, taking into account the following non-financial factors:

- (a) the clinical conditions of the patient, such as the frequency of use of various public medical services and the severity of the illness;
- (b) the patient being a person with disability or a single parent with dependent children;
- (c) a fee waiver being able to help solve the family problems of the patient;
- (d) a patient having special expenses that make it difficult for him/her to pay for his/her medical fees at public clinics and hospitals; and
- (e) other justifiable social factors.

### Benchmarks for granting a fee waiver

4.3.7 Similar to most of the schemes described in the previous two chapters, the benchmarks for granting a fee waiver tie to income and assets, which are, in this case, the income and asset limits stipulated by the Hospital Authority. As to the income test, MMDHI is obtained from the results of the quarterly General Household Survey conducted by C&SD. To be eligible for a full waiver of medical fees at public clinics and hospitals, the monthly household income of the patient must be below the CSSA payment rate, which is about 50% of MMDHI. Nonetheless, the reason for adopting the limit of 75% of MMDHI is not known. For the asset test, information is also not available on the rationale of setting the household asset at the prescribed limit. Households with elderly members enjoy a higher asset limit than those without on the basis that the elderly no longer earn any income and have to depend on their personal savings.

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## Chapter 5 – Subsidized Rental Housing Schemes

### 5.1 Overview

5.1.1 The development of PRH has a long history in Hong Kong, spanning some 50 years. Ever since the beginning, the Government has been heavily subsidizing low-income families who cannot afford private housing in renting units in PRH estates. As at 31 December 2004, about 2.1 million people (31% of the population) lived in PRH estates, and the stock of PRH units was about 707 600.<sup>33</sup>

5.1.2 The Housing Authority, established in 1973, is a statutory body responsible for implementing most of the public housing schemes, including determining the corresponding benchmarks for these schemes. Over the span of some 30 years, there have been a wide variety of housing estates being completed in different eras. As a result, the Housing Authority is able to provide a broad range of PRH units of different sizes and at different rents<sup>34</sup> to meet the needs and affordability of various families. The rents of PRH units are "all-inclusive", which means that they are inclusive of rates, management fees and maintenance expenses.

### 5.2 Rent policy for public rental housing

5.2.1 According to the Housing Authority, to ensure people in need can access PRH, the rent levels are determined on the basis of tenants' ability to pay. The principle of affordability is upheld by applying an appropriate median rent-to-income ratio (MRIR)<sup>35</sup> to determine rents for PRH estates. Consequently, rent levels for PRH are set at substantially below-market levels, which are often as low as 20% to 30% of rents charged for similar accommodation in the private sector.<sup>36</sup> In other words, the Government is subsidizing the difference between the market and public rents. The Housing Ordinance places a cap on the overall MRIR for PRH tenants at 10% when rent adjustments are made, and restricts the frequency of rent adjustment to no more than once every three years.

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<sup>33</sup> Information Services Department. (2005). *Hong Kong: The Facts – Housing*.

<sup>34</sup> In 2003-04, the rents of PRH units ranged from HK\$252 to HK\$3,810 per month. Source: Legislative Council Secretariat. (2004) *Information Note on Statistics on Public Rental Housing of the Hong Kong Housing Authority*. LC Paper No. IN15/04-05.

<sup>35</sup> MRIR is a broad-brush indicator of the affordability of PRH tenants. In determining the overall MRIR, the ratios of the amount of rents expressed as a percentage of the household income of individual households in PRH are first worked out. The figures so compiled are called rent-to-income ratios (RIR). RIRs for all PRH households (around 600 000 as at March 2004) are then placed in an ordered sequence, either in ascending or descending order, and the middle RIR is MRIR. In this connection, 50% of households' rent-to-income ratios are below the median figure, i.e. MRIR, while the other 50% are above.

<sup>36</sup> Housing Authority. (1986). *Legislative Council Brief – Housing Subsidy to Tenants of Public Housing*.

5.2.2 As at May 2004, more than 60% of all PRH tenants, or 400 000 households, paid less than HK\$1,500 per month as rents.<sup>37</sup>

### **5.3 Measures to safeguard the allocation of low cost housing to people in need**

5.3.1 The focus of the Government's housing policy is on subsidizing low-income families who cannot afford private rental accommodation. To ensure that public rental flats are allocated to people in genuine need, the Government has implemented the following measures:

- (a) a Waiting List (WL) scheme is in place for the allocation of new or refurbished public rental flats to eligible applicants in accordance with the order of registration. To be eligible, applicants must undergo comprehensive means tests covering both income and net assets, have at least seven years' residence in Hong Kong and possess no private domestic property;
- (b) public rental tenancies cannot be passed on automatically from one generation to the next. Adult members of a family where the principal tenant and his/her spouse have both deceased are required to undergo comprehensive means tests for granting a new tenancy; and
- (c) long-term tenants (i.e. those who have stayed in public rental housing for 10 or more years) with income and assets exceeding prescribed limits are required to pay additional rent or vacate their flats.

### **5.4 Benchmarks for allocating public rental flats**

5.4.1 The benchmarks for determining the eligibility of an applicant for subsidized housing services, i.e. being allocated a PRH unit, are primarily dependent upon the income and asset limits of the applicant, or the Waiting List Income Limit (WLIL) and the Waiting List Asset Limit by size of household. The WL income and asset limits are reviewed at the beginning of each year using the latest available statistics from the fourth quarter of the previous year.

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<sup>37</sup> *Official Records of Proceedings of the Legislative Council.* (2004) 12 May.

### Waiting List Income Limit

5.4.2 The calculation of WLIL by size of household is based on the expenditure of households living in private rental flats, which equals to the sum of expenditure portions on housing and non-housing items plus a 5% contingency provision.

#### *Housing expenditure portion*

5.4.3 The housing expenditure portion is defined as the total payment required for renting a private flat of comparable size to a PRH unit, including rental, rates and management fees. It is calculated by multiplying the average space of the PRH units allocated to all of the WL applicants in the previous three years by the differential unit rent for the respective household size derived from a sample survey on private dwellings conducted by C&SD.

#### *Non-housing expenditure portion*

5.4.4 The non-housing expenditure portion is defined as the average household expenditure of the lowest 50% expenditure group amongst tenant households in the private sector. It is calculated based on the findings of HES conducted by C&SD and adjusted by CPI (A) on non-housing expenditures recorded in the fourth quarter of the previous year.

### Waiting List Asset Limit

5.4.5 The WL asset limit is defined as the total cost of renting a private flat of comparable size to a PRH unit for six years. The calculation is based on the statistics on rents derived from the determination of the housing expenditure portion discussed in paragraph 5.4.3.

## 5.5 Rent Assistance Scheme

5.5.1 RAS, introduced on 1 September 1992, provides a 50% rent reduction to domestic tenants in PRH and licensees in interim housing (IH)<sup>38</sup> who are facing temporary financial hardship and cannot afford the rent. Tenants affected by redevelopment are allowed to apply for RAS immediately upon re-housing to new or refurbished flats. The duration of the entitlement is three years.<sup>39</sup>

5.5.2 Table 12 shows the proportion of RAS cases to PRH households between 2000 and 2004. Since there was a relaxation of the eligibility requirement for RAS in October 2002, the number of RAS cases increased substantially, starting from 2003. In 2004, there were 14 915 PRH households receiving RAS, accounting for 2.4% of the total number of PRH households.

**Table 12 – Proportion of RAS cases to PRH households between 2000 and 2004**

Year	Number of active RAS cases	Number of PRH households	% of RAS cases to total PRH households
2000	2 527	598 763	0.4
2001	2 542	583 139	0.4
2002	3 446	594 803	0.6
2003	9 100	600 930	1.5
2004	14 915	620 645	2.4

Source: Housing Authority.

<sup>38</sup> IH is a kind of temporary accommodation available to people who lose their homes through clearances, fire and natural disasters but are not eligible for permanent PRH. IH consists of low-rise timber structures, multi-storey blocks converted from older estates and prefabricated IH blocks. Any person eligible for IH is granted a licence to live in IH.

<sup>39</sup> A tenant receiving RAS for three years and still facing financial hardship is required to move to a cheaper but self-contained accommodation in the same district. On transfer, the tenant concerned receives a Domestic Removal Allowance and is entitled to a rent-free period of one month. In the event that the tenant refuses to transfer, he/she may stay put but the rent assistance ceases. Elderly households and households with disabled member(s) in receipt of rent assistance are exempted from the requirement to move.

### Eligibility requirements

5.5.3 Listed below are the eligibility requirements for RAS:

- (a) the household income meets any one of the following criteria –
  - (i) the household income being below 50% of WLIL; or
  - (ii) the rent-to-income ratio (RIR) exceeding 25%; or
  - (iii) the household income being between 50% and 60% of WLIL and RIR exceeding 15%; or
  - (iv) the household being an elderly household (i.e. all household members aged 60 or above) with income below 60% of WLIL; or
  - (v) the household being an elderly household with RIR exceeding 20%;
- (b) the tenant/licensee and all family members included in the tenancy agreement/licence must not own any domestic property in Hong Kong;
- (c) the family should not be occupying a flat with size exceeding the respective maximum allocation standard applicable to the household size of that family; and
- (d) the applicant's household is not receiving CSSA.

5.5.4 The eligibility of domestic tenants for receiving rent reduction through RAS is reviewed on an annual basis.

### Benchmarks for granting rent assistance

5.5.5 The objective for granting RAS is to provide relief for PRH tenants facing temporary financial difficulties. The benchmarks for granting RAS primarily tie to WLIL and RIR. According to the Housing Authority, the "50% of WLIL" benchmark was established on the basis that the non-housing expenditure component of WLIL generally accounted for less than 50% of the then WLIL, while the "25% (or above) of RIR" benchmark was established based on the threshold being close to the then overall MRIR figure for sole-tenant households in the private sector. Although there is no specific asset test for RAS, applicants must satisfy the WL asset limit in the first place.

5.5.6 As regards the level of assistance, it is fixed at 50% of the total rent and does not depend upon the applicant's WLIL or RIR. Information is not available on the rationale of such arrangement.

## Chapter 6 – Analysis

### 6.1 Introduction

6.1.1 This analysis compares and contrasts the characteristics of the benchmarks adopted in granting social security, student financial assistance, subsidized health care assistance and subsidized rental housing assistance to people in need in the community.

### 6.2 Factors for determining benchmarks

6.2.1 It has been stated in Chapter 1 that the philosophy of the Government in granting subsidies or financial assistance is *"to help the disadvantaged members of the community to attain an acceptable standard of living"* as well as *"[to] contribute to the well-being of individuals, families and the societies"*. In other words, the existence of subsidies or financial assistance is to help people attain a minimum level of comfort both physically and mentally so that their essential needs can be satisfied.

6.2.2 To ensure the sustainability of the provision of financial assistance under the resources constraint, means tests are applied to most of the financial assistance or subsidy schemes under study. The purpose of the means tests is to screen out cases having means at such levels that they cannot be considered as needy. In this connection, the parameters for determining whether an applicant is needy or not primarily relate to his/her income and/or assets. Table 13 shows the income and asset limits for granting subsidies or financial assistance under the selected schemes. In some cases, the specific needs under consideration for granting of assistance become part of the means test as well, e.g. the Basic Needs approach employed in the Comprehensive Social Security Assistance (CSSA) Scheme.

**Table 13 - Income and asset limits for granting subsidies or financial assistance under selected schemes**

Scheme	Income limit	Asset limit	Basis for setting income limits	Basis for setting asset limits
<i>Social security schemes</i>				
Comprehensive Social Security Assistance (CSSA) Scheme	Monthly household income.	Prescribed by the Social Welfare Department.	The monthly income is measured against the basic needs below which the standard of living is considered unacceptable.	In accordance with the size and conditions of members of households.
Social Security Allowance Scheme				
<i>Normal Old Age Allowance</i>	(a) Single person = HK\$5,910 per month; (b) Married couple = HK\$9,740 per month	(a) Single person = HK\$169,000; (b) Married couple = HK\$254,000	Not available.	Not available.
<i>Higher Old Age Allowance</i>	n.a.	n.a.	n.a.	n.a.
<i>Normal Disability Allowance</i>	n.a.	n.a.	n.a.	n.a.
<i>Higher Disability Allowance</i>	n.a.	n.a.	n.a.	n.a.
Other social security schemes				
<i>Emergency Relief</i>	n.a.	n.a.	n.a.	n.a.
<i>Criminal and Law Enforcement Injuries Compensation Scheme</i>	n.a.	n.a.	n.a.	n.a.
<i>Traffic Accident Victims Assistance Scheme</i>	n.a.	n.a.	n.a.	n.a.

**Table 13 - Income and asset limits for granting subsidies or financial assistance under selected schemes (cont'd)**

Scheme	Income limit	Asset limit	Basis for setting income limits	Basis for setting asset limits
<i>Student financial assistance schemes</i>				
Local Student Finance Scheme	Adjusted family income (AFI) = annual [income of parents (100%) + income of siblings (30%) + income of the applicant (100%) – medical expenses of chronically-ill household members] / [number of family members + 1]	Net asset value = fixed & liquid assets / number of family members = HK\$500,000	Income components of all family members.	An applicant living solely on the investment proceeds of an HK\$500,000-worth asset, at a reasonable rate of return, approaches the cut-off point in the AFI ready reckoner.
Financial Assistance Scheme for Post-secondary Students	ditto	ditto	ditto	ditto
Senior Secondary Fee Remission Scheme	ditto	n.a.	ditto	n.a.
Examination Fee Remission Scheme	ditto	n.a.	ditto	n.a.
School Textbook Assistance Scheme	ditto	n.a.	ditto	n.a.
Student Travel Subsidy Scheme	ditto	n.a.	ditto	n.a.
Kindergarten Fee Remission Scheme	ditto	n.a.	ditto	n.a.
Project Yi Jin	ditto (required for full reimbursement)	n.a.	ditto	n.a.
Non-means Tested Loan Scheme	n.a.	n.a.	n.a.	n.a.
Continuing Education Fund	n.a.	n.a.	n.a.	n.a.

**Table 13 - Income and asset limits for granting subsidies or financial assistance under selected schemes (cont'd)**

Scheme	Income limit	Asset limit	Basis for setting income limits	Basis for setting asset limits
<i>Subsidized health care schemes</i>				
Subsidized health care services	n.a.	n.a.	n.a.	n.a.
Medical Fee Waiver Mechanism	Monthly household income = 75% (or below) of the median monthly domestic household income.	Prescribed by the Hospital Authority.	Not available.	In accordance with the size and number of elderly members of the households.
<i>Subsidized rental housing schemes</i>				
Public Rental Housing Scheme	Waiting List Income Limit (WLIL) = expenditure on housing and non-housing items of households in private rental flats + 5% contingency provision	Waiting List Asset Limit.	In accordance with the size and expenditure of households living in private rental flats.	In accordance with the cost of renting a private flat of comparable size to a public rental unit for six years.
Rent Assistance Scheme	Household income meets any one of the following criteria: (a) < 50% of WLIL; (b) > 25% of rent-to-income ratio (RIR); (c) Between 50% and 60% of WLIL and > 15% RIR.	n.a.	(a) <50% of WLIL is established on the basis that the non-housing expenditure component of WLIL accounts for less than 50% of WLIL; and (b) >25% of RIR is established based on the threshold being close to the overall MRIR figure for sole-tenant households in the private sector.	n.a.

Remarks: n.a. implies not applicable.

### Income limit

6.2.3 Income limit is one of the most popular benchmarks adopted for granting financial assistance or subsidy. However, the definition of income applied to the schemes under study varies across the major policy areas. Some income limits are established on the basis of household income, such as the Adjusted Family Income (AFI) adopted for the student financial assistance schemes, while some income limits are established on the basis of household expenditure, such as the Waiting List Income Limit (WLIL) adopted for the Public Rental Housing (PRH) Scheme and the Rental Assistance Scheme (RAS). There are still others which combine both income and expenditure components, such as the Annual Disposal Income previously applied to the student financial assistance schemes. As such, there are possible scenarios that households with income eligible for a certain scheme may not be eligible for another one.

6.2.4 While the CSSA Scheme is subject to an income test, the assessable monthly income of individual households is only one of the two benchmarks for granting CSSA. The other benchmark is a measure of the basic needs of an household, which is expressed in terms of various types of payment or assistance rates. If the assessable monthly income of an household is below the assistance rates prescribed by the Social Welfare Department (SWD), the household is eligible for financial assistance. There is no fixed assistance scale for CSSA recipients because the amount of assistance granted depends upon the total assessable monthly income and the total monthly needs of the household, and these two parameters vary among individual households.

6.2.5 Most of the student financial assistance schemes have adopted AFI as a benchmark for granting financial assistance to needy students. AFI is equal to the sum of the annual income of the parents (100%), unmarried siblings (30%) and the applicant (100%), less medical expenses of chronically-ill household members, divided by the number of members in the household plus a factor of one. In general, the lower AFI is, the greater is the percentage of financial assistance provided to the applicant. In certain schemes, AFI is employed to determine if the applicant receives either full or half rate assistance.

6.2.6 As for the assistance in public health care services, the medical fee waiver mechanism employs 75% of the Median Monthly Domestic Household Income (MMDHI) as the benchmark for granting a fee waiver for needy patients. MMDHI is obtained from the results of the quarterly General Household Survey conducted by the Census and Statistics Department (C&SD).

6.2.7 Regarding the schemes on subsidizing housing services, both the PRH Scheme and RAS use WLIL as the benchmark for allocating PRH units or providing rent reduction to needy tenant households. The calculation of WLIL by size of household is based on the expenditure of households living in the private sector, which equals to the sum of expenditure on housing and non-housing items plus 5% contingency provision.

#### Asset limit

6.2.8 Among the financial assistance schemes under study, the CSSA Scheme, the Local Student Finance Scheme, the Financial Assistance Scheme for Post-secondary Students, the medical fee waiver mechanism and the PRH Scheme employ an asset test in addition to the income test when determining whether the financial assistance or subsidy is to be granted. Similar to the income limits, the definition of assets applied for the schemes varies across the major policy areas. In other words, households with assets eligible for a certain scheme may not be eligible for another one.

6.2.9 The asset limits applicable to the CSSA Scheme vary in accordance with the size and conditions of members of households. Additionally, households consisting of the elderly, disabled persons or ill-health persons are entitled to a higher asset limit. However, information is not available as to the rationale of setting the asset value at those particular levels.

6.2.10 The asset limits for both the Local Student Finance Scheme and the Financial Assistance Scheme for Post-secondary Students are the same, which is HK\$500,000 per household member. Any applicant living solely on the investment proceeds of HK\$500,000-worth asset would disqualify him/her from receiving any assistance.

6.2.11 The Hospital Authority has a set of prescribed asset limits in place for the medical fee waiver mechanism. However, information on the rationale of determining those asset limits is not available.

6.2.12 As regards the PRH Scheme, the asset limit for the application for a PRH unit is the total cost of renting a private flat of comparable size to a public rental flat for six years.

#### Needs of the individual

6.2.13 Some schemes provide financial assistance to individuals based on their needs arising from old age, disability, illness, low-earnings, unemployment, personal or family circumstances only. In general, these schemes are non-means-tested, such as the Social Security Allowance (SSA) Scheme and some social security schemes for people in crisis, the Non-means-tested Loan Scheme, the Continuing Education Fund and the public health care scheme.

6.2.14 The SSA Scheme provides financial assistance to meet special needs, such as transport, home help, expenses arising from ill health and infirmity, special diet and personal expenses, of the elderly and the severely disabled. These needs arise primarily due to changes in their personal circumstances instead of a lack of means. As such, assistance may be given to eligible persons who possess these special needs but are not poor enough to qualify for financial assistance under other schemes.

6.2.15 Other social security schemes, namely the Criminal and Law Enforcement Injuries Compensation Scheme, the Traffic Accident Victims Assistance Scheme and the Emergency Relief provide short-term assistance to a family or an individual to cover a serious and unforeseen setback which results in reduced or lost earnings or additional expenditure.

6.2.16 The Government's policy on education is that no student will be denied access to education due to lack of means. While the Non-means-tested Loan Scheme facilitates students with inadequate financial support due to personal or family circumstances to pursue tertiary studies, the Continuing Education Fund subsidizes adults with learning aspirations to pursue continuing education and training courses so as to better prepare them for the knowledge-based economy.

6.2.17 The Government's policy on health care services is that *"no one should be prevented, through lack of means, from obtaining adequate medical treatment"*. The Government heavily subsidizes the public health care services so that the policy objective can be achieved.

6.2.18 Given some subsidy or financial assistance schemes are means-tested, the needs of the individuals are one of the component benchmarks for granting financial assistance. For example, the CSSA Scheme adopts the Basic Needs approach as the benchmark below which the standard of living is considered unacceptable. As such, financial assistance must cover physical needs as well as access to social services which are universally regarded as essential to a decent life. Under the medical fee waiver mechanism, conditions of the patient and his/her family circumstances also determine the patient's eligibility for a full fee waiver.

#### Needs of the community

6.2.19 In addition to meeting the needs of an individual, some financial assistance schemes aim at meeting the needs of society as a whole. These schemes are usually non-means-tested because maximizing the benefits of society is the prime concern. For example, the Continuing Education Fund subsidizes adults with learning aspirations to pursue continuing education and training courses so as to prepare them for the knowledge-based economy. The free or low-cost public health care scheme heavily subsidizes the entire population with a view to safeguarding and promoting the general health of the community.

### **6.3 Many financial assistance schemes have adopted more than one benchmark**

6.3.1 Among the means-tested financial assistance schemes under study, only the financial assistance schemes for kindergarten pupils to secondary students adopted one single set of benchmarks, AFI, for granting subsidies or financial assistance. The other means-tested schemes studied, such as the CSSA Scheme, the Local Student Finance Scheme, the Financial Assistance Scheme for Post-secondary Students and the PRH Scheme, all adopted both the income and asset limits as the benchmarks for granting financial assistance.

### **6.4 Benchmarks for non-means-tested subsidies and financial assistance are non-quantifiable**

6.4.1 While the benchmarks for means-tested assistance schemes often have clearly defined parameters, namely the measurable income and asset limits, the benchmarks for non-means-tested schemes are usually the qualitative conditions such as the needs of an individual or the community. For example, the needs of the elderly and disabled persons vary depending upon personal and family circumstances, and thus are different amongst individual persons and difficult to quantify. As such, a flat rate applies for each type of allowance of the SSA Scheme may not satisfy all the needs across the board.

### **6.5 Meeting benchmarks is not the primary concern for granting subsidies and financial assistance**

6.5.1 Some subsidy schemes, such as the medical fee waiver mechanism administered by the Hospital Authority, has clearly defined benchmarks for granting subsidies. However, the authority which administers the waiver may consider a set of non-financial factors to qualify an applicant in the event that the applicant fails to meet the benchmarks. It seems that meeting the benchmark is not the primary concern for approving the assistance.

## Appendix I

**Comprehensive Social Security Assistance Scheme –  
Standard Rates for 2005**

Category	Amount of standard rates per month (HK\$)			
	Single person	Family member		
<b><i>Elderly person aged 60 or above</i></b>				
Able-bodied/50% disabled	2,270	2,140		
100% disabled	2,750	2,430		
Requiring constant attendance	3,870	3,545		
<b><i>Ill-health/Disabled adult aged under 60</i></b>				
Ill-health/50% disabled	1,920	1,745		
100% disabled	2,400	2,075		
Requiring constant attendance	3,515	3,190		
<b><i>Disabled child</i></b>				
50% disabled	2,560	2,230		
100% disabled	3,040	2,715		
Requiring constant attendance	4,150	3,835		
		<b>In a family comprising</b>		
	<b>Single person</b>	<b>not more than 2 able-bodied adults/children</b>	<b>3 able-bodied adults/children</b>	<b>4 or more able-bodied adults/children</b>
<b><i>Able-bodied adult aged under 60</i></b>				
Single parent/family carer	-	1,745	1,575	1,395
Other adult	1,605	1,430	1,290	1,145
<b><i>Able-bodied child</i></b>	1,920	1,595	1,435	1,275

Remark : Under the CSSA Scheme, a child is defined as one aged below 15 or aged 15-21 receiving full-time education (students receiving post-secondary education are normally not eligible under the Scheme), while an ill-health or disabled person must be medically certified by a doctor of a public hospital or clinic.

Source: SWD. (2004) *A Guide to Comprehensive Social Security Assistance*.

**Appendix II**

**Comprehensive Social Security Assistance Scheme –  
Long-term Supplement and Single-parent Supplement for 2005**

**Long-term Supplement**

	<b>Rate per year (HK\$)</b>
Single person	1,425
Family comprising 2 to 4 members who are old, disabled or medically certified to be in ill-health	2,855
Family comprising 5 or more members who are old, disabled or medically certified to be in ill-health	3,825

**Single Parent Supplement:** HK\$225 per month

Source: SWD. (2004) *A Guide to Comprehensive Social Security Assistance*.

## Appendix III

**Comprehensive Social Security Assistance Scheme –  
Standard Special Grants for 2005**

(Able-bodied adults/children are only entitled to those grants marked with an asterisk)

**A. Housing and related grants**

<b>Types of grant</b>	<b>Payment rate</b>	
1. Rent allowance*	Actual rent up to the prescribed maximum	
	<b>Number of eligible family members</b>	<b>Maximum level per month (HK\$)</b>
	1	1,265
	2	2,550
	3	3,330
	4	3,545
	5	3,550
	6 or above	4,435
Rent allowance above the maximum level can be considered to cover the actual rent if the family has been waitlisted for compassionate re-housing or if the elderly recipient has been waitlisted for admission to a subvented residential institution (not applicable to those residing in a private institution).		
2. Water/sewage charge allowance*	Amount of allowance depends on the number of persons sharing the water meter.	
	<b>Number of persons sharing the water meter</b>	<b>Amount of allowance per person per month (HK\$)</b>
	1	Nil
	2	6.80
	3	9.40
	4	11.00
	5	13.00
	6	14.80
	7	16.80
	8	18.30
	9	19.30
10 or above	20.30	
For example, if a family of four is sharing a water meter with six other tenants, the family will be entitled to a water/sewage charge allowance of HK\$81.2 (HK\$20.3 x 4) a month.		
3. Grant for rent deposit	Up to two times of the appropriate maximum rent allowance.	

## Appendix III (cont'd)

## A. Housing and related grants (cont'd)

Types of grant	Payment rate
4. Grant for electricity, water and gas/LPG deposits for accommodation in public housing	Actual expenses.
5. Domestic removal grant	<u>Permanent public housing or interim housing</u>  From HK\$2,600 up to a maximum of HK\$7,520 depending on the number of eligible members to cover removal cost, basic fitting out expenses and telephone installation fees.
	<u>Private housing</u>  From HK\$543 up to a maximum of HK\$2,325 depending on the number of eligible members to cover removal cost.
	<u>Housing for senior citizens</u>  Single person: HK\$2,600 Couple: HK\$4,900 (The grant covers the costs of removal, telephone installation and essential household items in connection with the removal.)
	<u>Institutions for the elderly</u>  HK\$272 to cover removal cost and miscellaneous expenses.
6. Grant to cover telephone installation fees and monthly telephone charges	Actual fees charged (payable to cases demonstrating a genuine need for a telephone, e.g. elderly/disabled persons living alone who are in need of a telephone for communication at times of emergency.)
7. Grant for emergency alarm system for elderly recipients	Installation fee up to a maximum of HK\$2,500 on a one-off basis; or monthly service charges up to a maximum of HK\$100 per month.
8. Grant for renewal of electrical fittings	Actual expenses.

## Appendix III (cont'd)

**B. Family grants**

<b>Types of grant</b>	<b>Payment rate</b>
1. Grant to cover fares to and from hospital/ clinic and other essential travelling expenses	Actual expenses (usually by the cheapest means of available transport).
2. Burial grant*	Up to a maximum of HK\$10,310.

**C. Medical and rehabilitation grants**

<b>Types of grant</b>	<b>Payment rate</b>
1. Special diet allowance	<p>Medical recommendation from a doctor of a public hospital or clinic is required.</p> <p>Higher rate : HK\$705 per month (For those certified as suffering from anaemia, malignancy, diabetes, tuberculosis (under treatment), or as requiring a fluid diet, or under a post-operative condition or those with stoma.)</p> <p>Lower rate : HK\$375 per month (For those certified as suffering from liver disease, kidney disease, disseminated lupus erythematosus or as requiring an ulcer diet.)</p>
2. Care and attention allowance	Up to a maximum of HK\$4,296 per month (or more in exceptional cases), subject to medical certification and a social worker's recommendation.
3. Grant to cover costs of medical, rehabilitation, surgical appliances and hygienic items (e.g. wheel-chair, hearing-aid, stoma bags, disposable diapers)	Actual expenses subject to medical recommendation (where appropriate, the recommendation of an occupational therapist or a physiotherapist is also acceptable).
4. Grant to cover costs of glasses	Actual expenses.

## Appendix III (cont'd)

## C. Medical and rehabilitation grants (cont'd)

Types of grant	Payment rate
5. Grant to cover costs of dental treatment (dentures, crowns, bridges, scaling, fillings and root canal treatment)	Actual expenses or the ceiling amount of the dental treatment item set by SWD. (The applicant should approach one of the dental clinics designated by SWD to provide such service. He/she is free to turn to a registered dentist of a non-designated clinic for the same service after he/she has approached one of these designated clinics for an estimate of cost. A grant will be paid to meet the cost charged by the non-designated clinic, up to the cost estimated by the designated clinic or the ceiling amount set by SWD.)
6. Grant to cover the charge for respite service	Actual fees charged less a portion of the standard rate.
7. Grant to cover the medical examination fee for admission to a subvented residential institution	Actual fees.
8. Grant to cover the annual medical examination fee for elderly recipients in subvented elderly residential institutions	Up to a maximum of HK\$200 per year.
9. Grant to cover fees for home help service	Actual service fees (cost of meals excluded) on condition that the customer is not in receipt of a higher standard rate for being in need of constant attendance.
10. Grant to cover costs of Occupational Therapy Service	Actual expenses (only applicable to occupational therapy service provided by the designated Home-based Training and Support Teams).
11. Grant to cover costs of Community-based Support Services and Enhanced Home and Community Care Services	Actual expenses (cost of meals excluded). The grant is normally not payable to customers in receipt of a higher standard rate or miscellaneous expenses rate for being in need of constant attendance.

## Appendix III (cont'd)

## D. Child-care grants

Types of grant	Payment rate
1. Grant to cover charges for occasional child care services*	Actual fees (cost of meals excluded) of occasional child care services provided by aided day nurseries.
2. Grant to cover fees for attending a day crèche/day nursery*	Day crèche: up to a maximum of HK\$4,640 per month Day nursery: up to a general maximum of HK\$2,600 per month

## E. School grants

Types of grant	Payment rate	
1. Grant to cover school fees*	Actual fees except for kindergarten fees of which the maximum levels are:  full-day kindergarten : HK\$2,260 per month  half-day kindergarten: HK\$1,279 per month	
2. Flat-rate grant for selected items of school-related expenses (i.e. books, stationery, school uniforms, miscellaneous and minor one-off expenses)*	<b>Level of education</b>	<b>Full grant per student per year (HK\$)</b>
	Day nursery	1,245
	Kindergarten	2,845
	Primary	2,505
	Lower secondary (secondary 1-3)	3,810
	Upper secondary (including technical/commercial institutes)	3,210
(Note : Additional payment can be considered if the actual expenses exceed the amount of the grant paid.)		

## Appendix III (cont'd)

## E. School grants (cont'd)

Types of grant	Payment rate
3. Meal allowance for students attending full-day school and taking lunch away from home*	HK\$195 per month
4. Grant to cover fares to and from school*	Actual expenses (normally by the cheapest means of available transport).
5. Grant to cover Hong Kong Certificate of Education Examination and Hong Kong Advanced Level Examination fees*	Actual fees.

Source: SWD. (2004) *A Guide to Comprehensive Social Security Assistance*.

## Appendix IV

## Comprehensive Social Security Assistance Scheme – Asset limits for 2005

## Asset limits applicable to single persons

	Asset limit (HK\$)
Able-bodied adult	22,000
Non-able-bodied adult (i.e. a child, an elderly, a disabled person or a person in ill-health)	34,000

## Asset limits applicable to families with able-bodied adults

Able-bodied adults/children		Elderly, disabled persons or persons medically certified to be in ill-health	
Number of such members	Asset limit (HK\$)	Number of such members	Asset limit (HK\$)
1	14,500	1	34,000
2	29,000	2	51,000
3	43,500	3	68,000
4 or above	58,000	4	85,000
		5	102,000
		6	119,000

Remark : For example, the asset limits of a 7-member family, including two able-bodied adults, three able-bodied children, one disabled child and one elderly person, is HK\$109,000 (i.e. HK\$58,000 + HK\$51,000).

## Asset limits applicable to families with no able-bodied adult

Number of family members	Asset limit (HK\$)
2	51,000
3	68,000
4	85,000
5	102,000
6	119,000

Source: SWD. (2005) Available from: [http://www.info.gov.hk/swd/html\\_eng/ser\\_sec/soc\\_secu/index.html](http://www.info.gov.hk/swd/html_eng/ser_sec/soc_secu/index.html) [Accessed March 2005].

## Appendix V

**Basic Daily Food Requirements for Meeting the Nutritional Needs of Recipients in Different Age Groups under the Basic Needs Approach**

Food items	Infant (aged <1)	Child (aged 1-5)	Child (aged 6-12)	Child (aged 13-16)	Adult (aged 17-59)	Elderly (60 and above)
Rice (g)	60	90	210	300	360	240
Meat (g)	30	140	200	240	240	200
Fresh vegetable (g)	45	200	240	320	320	240
Egg (number)	0.5	0.57	0.57	0.57	0.57	0.57
Fresh fruit (number)	2 (orange)	1	2	2	2	2
Milk powder (g)	192	Nil	Nil	Nil	Nil	Nil
Milk (ml)	Nil	500	500	500	250	250
Bread/bun (g)	Nil	60	90	120	120	90
Infant cereal/Noodle (g)	15	30	30	30	30	30
Biscuits (g)	Nil	15	15	15	15	15
Oil (g)	5	21	30	30	45	30
Margarine (g)	Nil	7	7	7	7	Nil
Condiments/extra ingredients (g)	Nil	145	145	145	145	145
Jam (g)	Nil	4	4	4	4	Nil
Tea (g)	Nil	Nil	Nil	Nil	4	4

Source: Legislative Council Secretariat. (1996) *Research Report on Income and Expenditure Patterns of Low Income Households in Hong Kong*. LC Paper No. RP20/95-96.

## Appendix VI

**Quantity Required and Expected Consumption Life - time of Non-food Commodity and Service Items for the Basic Needs Budget for Different Categories of Able - bodied Clients**

Section/Group/Item of Commodities and Services	Per Household			Per Head (able - bodied person)												
	Quantity		Expected life-time (years)	Quantity										Expected life-time (years)		
	Single house - hold	Family House - Hold		Infant (aged < 1)	Child (aged 1 - 5)		Child (aged 6-12)		Child (aged 13-14)		Adult (aged 15-59)		Elderly (60 and above)		infant/ child	adult/ elderly
			Female		Male	Female	Male	Female	Male	Female	Male	Female	Male			
<b>Clothing and Footwear</b>																
Outerclothing																
Short sleeved shirt/blouse					2	2	2	2	1	2	1	2	1	1	1	2
Summer dress/frock					1		1		1		1		1		1	1
Summer skirt					1		1		1		1				1.5	2
Summer long trousers					1	1	1	1	1	1	1	2	1	2	1	2
Summer short trousers					1	1	1	1	1	1	1	1	1	1	1.5	3
Winter suit												1		1		5
Long sleeved shirt/blouse					2	2	2	2	2	2	2	2	2	2	1	2
Winter dress/frock					1		1		1		1				1	2
Winter skirt					1		1		1		1				1.5	2
Winter trousers					2	1	1	1	1	1	1	1	2	2	1	2
Cotton - wadded jacket					1	1	1	1	1	1			1	1	2	5
Winter jacket					1	1	1	1	1	1	1	1	1	1	1	5
Cardigan - woollen wear					1	1	1	1	1	1	1	1	1	1	1	3
Cardigan - winter sweater					1	1	1	1	1	1	1	1			2	3
Winter overcoat											1	1	1	1		5
T - shirt					2	2	2	2	2	2	2	2			1	2
Swimming trunks/costume					1	1	1	1	1	1	1	1	1	1	1	3
Jeans					1	1	1	1	1	1	1	1			1	2
Rain - coat					1	1	1	1					1	1	2	5
Underclothing																
Vest					2	2	2	2	2	2	2	2	2	2	2	2
Pants/brief					3	3	3	3	3	3	3	3	3	3	1	1
Woollen underwear					2								1	1	1	3
Brassieres									2		2		2		2	2
Winter pyjamas					1	1	1	1	1	1	1	1	1	1	1	2
Summer panamas					1	1	1	1	1	1	1	1	1	1	1	2
Clothing, others, of all ages																
Socks/stockings					2	2	2	2	2	2	3	3	2	3	1	1
Winter socks/stockings					1	1	1	1	1	1	1	1	1	1	1	1

## Appendix VI (cont'd)

Section/Group/Item of Commodities and Services	Per Household			Per Head (able - bodied person)										Expected life-time (years)	
	Quantity		Expected life-time (years)	Quantity											
	Single house - hold	Family house - hold		Infant (aged < 1)	Child (aged 1 - 5)		Child (aged 6-12)		Child (aged 13-14)		Adult (aged 15-59)		Elderly (60 and above)		infant/child
			Female		Male	Female	Male	Female	Male	Female	Male	Female	Male		
Women's panty hoses										4		4			0.25
Belt						1	1	1	1	1	1	1	1	2	5
Scarf												1	1		5
Handkerchief										2	2	2	2		2
Gloves				1								1	1	1	5
Woollen hat												1	1		5
Infant's clothing															
Summer outer garment				3										1	
Winter outer garment - general				3										1	
Footwear of all ages															
Shoes				1	1	1				1	1	1	1	1	2
Sports shoes					1	1				1	1	1	1	1	2
Slippers					1	1	1	1	1	1	1	1	1	1	2
<b>Durable Goods</b>															
Furniture															
Bed					1	1	1	1	1	1	1	1	1	12	12
Wardrobe	1	1	10												
Sofa		1	10												
Cupboard	1	1	15												
Chair					1	1	1	1	1	1	1	1	1	5	5
Folding table	1	1	5												
Shelf	1	1	5												
Study desk	1	1	10												
Small table	1	1	5												
Electrical appliance															
Refrigerator	1	1	10												
Washing machine	1	1	8												
Rice cooker	1	1	10												
Fan	1	1	10												
Iron	1	1	10												
Lamp/Light	4	4	2												
Electric water heater	1	1	10												

## Appendix VI (cont'd)

Section/Group/Item of Commodities and Services	Per Household			Per Head (able - bodied person)											Expected life-time (years)	
	Quantity		Expected life-time (years)	Quantity												
	Single house - hold	Family House - Hold		Infant (aged < 1)	Child (aged 1 - 5)		Child (aged 6-12)		Child (aged 13-14)		Adult (aged 15-59)		Elderly (60 and above)		infant/ child	adult/ elderly
			Female		Male	Female	Male	Female	Male	Female	Male	Female	Male			
Ventilator	1	1	10													
Heater													1	1	10	
Colour television	1	1	10													
Portable cassette with radio	1	1	10													
Blank tape	2	2	1													
Glass, crockery, earthenware and hardware																
Glass				1	1	1	1	1	1	1	1	1	1	1	1	
Vacuum flask	1	1	5													
Rice bowl				1	1	1	1	1	1	1	1	1	1	1	1	
Dish				1	1	1	1	1	1	1	1	1	1	1	1	
Spoon				1	1	1	1	1	1	1	1	1	1	1	1	
Soup pot	1	1	5													
Frying pan and wok	1	1	5													
Turning shovel	1	1	5													
Rice scoop	1	1	5													
Soup ladle	1	1	5													
Meat chopper	1	1	10													
Can opener	1	1	5													
Kettle	1	1	5													
Pot	1	1	10													
Scissors	1	1	10													
Screw driver	1	1	20													
Hammer	1	1	20													
Spanner	1	1	20													
Watch, sports and other goods																
Watch (electronic/quartz)							1	1	1	1	1	1	1	5	5	
Alarm clock	1	1	3													
Wallet / purse										1	1	1	1		5	
Handbag										1		1			5	
Travelling bag	1	1	3													
Umbrella									1	1	1	1	1	2	2	
Sports goods							#	#	#	#						
Gas stove (double burners)	1	1	10													

## Appendix VI (cont'd)

Section/Group/Item of Commodities and Services	Per Household			Per Head (able - bodied person)											Expected life-time (years)	
	Quantity		Expected life-time (years)	Quantity												
	Single House - Hold	Family house - Hold		Infant (aged < 1)	Child (aged 1 - 5)		Child (aged 6-12)		Child (aged 13-14)		Adult (aged 15-59)		Elderly (60 and above)		infant/ child	adult/ elderly
			Female		Male	Female	Male	Female	Male	Female	Male	Female	Male			
<b>Miscellaneous Goods</b>																
Proprietary medical care				#	#	#	#	#	#	#	#	#	#			
Stationery																
Ball pen	1	2	1													
Pencil	1	2	1													
White - paper (some 100 sheets per pad)	1	2	1													
Envelope (some 20 pieces per pad)	1	2	1													
Eraser	1	1	1													
Pencil sharpener	1	1	5													
Soft furnishing																
Curtain (1 set per window)	2	2	10													
Pillow				1	1	1	1	1	1	1	1	1	1	3	3	
Blanket				1	1	1	1	1	1	1	1	1	1	10	10	
Bed sheet				2	2	2	2	2	2	2	2	2	2	3	3	
Mattress				1	1	1	1	1	1	1	1	1	1	8	8	
Quilt				1	1	1	1	1	1	1	1	1	1	10	10	
Towel blanket				1	1	1	1	1	1	1	1	1	1	5	5	
Pillows cover				2	2	2	2	2	2	2	2	2	2	2	2	
Quilt cover				1	1	1	1	1	1	1	1	1	1	5	5	
Mat				1	1	1	1	1	1	1	1	1	1	5	5	
Shower curtain	1	1	5													
Cosmetics, toilet requisite, soap/detergent																
Shaving foam (175g per tin)											1		1		0.33	
Toilet soap (per 125g)				1	1	1	1	1	1	1	1	1	1	0.08	0.08	
Toilet paper (10 rolls per packet)				1	1	1	1	1	1	1	1	1	1	0.5	0.5	
Tooth paste					1	1	1	1	1	1	1	1	1	0.08	0.08	
Tooth brush					1	1	1	1	1	1	1	1	1	0.25	0.25	
Face towel				1	1	1	1	1	1	1	1	1	1	0.5	0.5	
Bath towel				1	1	1	1	1	1	1	1	1	1	1	1	
Shampoo (per litre)				1	1	1	1	1	1	1	1	1	1	0.67	0.67	
Talcum powder (per kg)				1	1	1								1		
Comb					1	1	1	1	1	1	1	1	1	2	2	

## Appendix VI (cont'd)

Section/Group/Item of Commodities and Services	Per Household			Per Head (able - bodied person)													
	Quantity		Expected life-time (years)	Quantity										Expected life-time (years)			
	Single House - hold	Family House - Hold		Infant (aged < 1)	Child (aged 1 - 5)		Child (aged 6-12)		Child (aged 13-14)		Adult (aged 15-59)		Elderly (60 and above)		infant/ child	adult/ elderly	
			Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male			
Hair brush												1		1		3	
Facial tissue (per 6 small packets)				1	1	1	1	1	1	1	1	1	1	1	1	0.08	0.08
Sanitary napkin (per 20 pieces)								1		1		1			0.08	0.08	
Denture cleaner (per 55 yards)						1	1	1	1	1	1	1	1	1	1	1	1
Nail clipper	1	1	5														
Razor and blade									1		1		1		0.25	0.25	
Washing/cleansing powder/detergent	*	*															
Toys																	
Toys and games				#	#	#	#	#									
Household goods, others																	
Religious items	*	*															
Light bulb	2	2	0.5														
Florescent light	2	4	2														
Plug and socket and dry cell	*	*															
Torch light	1	1	5														
Shoe polish (45 ml per tin)					1	1	1	1	1	1	1	1	1	1	1	1	1
Washing basin	1	1	5														
Chopsticks container	1	1	10														
Tooth mug	1	1	5														
Dustbin	1	1	10														
Dust - pan	1	1	5														
Broom	1	1	1														
Mop	1	1	0.5														
Household gloves	1	1	0.5														
Mirror	1	1	10														
Chopsticks (per pair)					1	1	1	1	1	1	1	1	1	1	5	5	
Cloth hanger					4	4	4	4	4	4	4	4	4	4	5	5	
Chopping board	1	1	10														
Water sprayer	1	1	5														
Ironing board	1	1	10														
Saran wrap, plastics bag, mothball	*	*															
Plastic table cloth	1	1	1														

## Appendix VI (cont'd)

Section/Group/Item of Commodities and Services	Per Household			Per Head (able - bodied person)													
	Quantity		Expected life-time (years)	Quantity												Expected life-time (years)	
	Single house - hold	Family House - Hold		Infant (aged < 1)	Child (aged 1 - 5)		Child (aged 6-12)		Child (aged 13-14)		Adult (aged 15-59)		Elderly (60 and above)		infant/ child	adult/ elderly	
			Female		Male	Female	Male	Female	Male	Female	Male	Female	Male				
<b>Miscellaneous Services</b>																	
Sport, recreation, arts and cultural activities																	
Admission to swimming pool (No. of times per year)				6	6	6	6	6	6	6	6	6	6	1	1		
Other sport, recreation, arts and cultural activities						#	#	#	#	#	#	#	#				
Hair - dressing																	
Hair - cut						1	1	1	1	1	1	1	1	0.17	0.17		
Repairs to personal/household and others																	
Repairs to personal goods (e.g. footwear, watches and clothing)	*	*															
Repairs and maintenance to electrical appliances	*	*															
Other repairs (to furniture, gas stove and etc.)	*	*															
Funeral expense - wreath	*	*															
Postal service	*	*															
<b>Transport and Vehicles</b>																	
Transport				*	*	*	*	*	*	*	*	*	*				
Additional expenditure for festival transportation				#	#	#	#	#	#	#	#	#	#				
<b>Fuel and Light</b>																	
Total costs	*	*															

Remarks: \* The cost for the items is estimated based on the average annual household expenditure of the lowest 5% general households.

# The cost for the items is estimated at a flat rate per annum per eligible person.

Source: Legislative Council Secretariat. (1996) *Research Report on Income and Expenditure Patterns of Low Income Households in Hong Kong*. LC Paper No. RP20/95-96.

## Appendix VII

**Comparison of Expenditure of CSSA recipients obtained from the Basic Needs approach and the Household Expenditure Survey**

	<b>Expenditure in terms of basic needs (HK\$)</b>	<b>Actual expenditure of CSSA recipients obtained from HES (HK\$)</b>	<b>CSSA Standard Rates at 1995 (HK\$)</b>
Single child	1,325	*	1,848
Child in a family	1,168	1,127	1,522
Single adult	1,654	1,282	1,270
Adult in a family	1,496	1,186	1,082
Single elderly	1,524	1,327	1,848
Elderly in a family	1,376	1,077	1,522

Remark : \* The estimate is considered statistically not suitable to be adopted for reference due to the small number of sample observations(s).

Source : A Steering Group to review the Comprehensive Social Security Assistance Scheme. (1996). *Report on Review of Comprehensive Social Security Assistance (CSSA) Scheme.*

**Appendix VIII****Social Security Allowance – Levels of Payment in 2005**

<b>Type of allowance</b>	<b>Amount per month (HK\$)</b>
Normal Old Age Allowance	625
Higher Old Age Allowance	705
Normal Disability Allowance	1,120
Higher Disability Allowance	2,240

Source: *SWD*. (2005) Available from: [http://www.info.gov.hk/swd/html\\_eng/ser\\_sec/soc\\_secu/index.html](http://www.info.gov.hk/swd/html_eng/ser_sec/soc_secu/index.html)  
[Accessed March 2005].

## Appendix IX

## Statistics on the Local Student Finance Scheme between 2002-03 and 2004-05

	2002-03	2003-04	2004-05 (as at 31.3.2005)
Eligible student enrolment	80 503	81 775	80 694
Number of applications received	41 213	43 760	42 437
Number of successful applications	35 694	37 590	35 457
Number of applicants receiving grant	35 442	37 315	35 120
Number of applicants offered loan	35 538	37 404	35 273
Number of applicants accepted loan	24 389	23 503	19 067
Average amount of assistance	HK\$39,367	HK\$38,796	HK\$47,785
Average grant	HK\$24,831	HK\$25,324	HK\$26,253
Average loan	HK\$21,530	HK\$21,843	HK\$21,895
Total amount of grant	HK\$880.05 million	HK\$944.95 million	HK\$922.0 million
Total amount of loan			
– offered	HK\$743.36 million	HK\$802.34 million	HK\$772.3 million
– accepted	HK\$525.10 million	HK\$513.38 million	HK\$425.0 million

Source: SFAA. (2005) Available from: <http://www.info.gov.hk/sfaa/en/statistics/lfsfss.htm> [Accessed April 2005].

## Appendix X

## Ready Reckoner under the Adjusted Family Income Formula for 2004 - 05

Adjusted Family Income (HK\$)	% of maximum grant	% of maximum loan
0 - 19,332	100%	100%
19,333 - 20,571	95%	96%
20,572 - 22,616	91%	92%
22,617 - 24,661	86%	88%
24,662 - 26,703	82%	83%
26,704 - 28,704	72%	72%
28,705 - 30,705	63%	61%
30,706 - 32,707	53%	50%
32,708 - 34,706	44%	39%
34,707 - 36,656	36%	31%
36,657 - 38,607	28%	24%
38,608 - 40,560	21%	16%
40,561 - 42,509	13%	9%
42,510 - 44,519	11%	8%
44,520 - 46,527	8%	6%
46,528 - 48,536	6%	4%
48,537 - 51,630	4%	2%
>51,630	0%	0%

Source: SFAA. (2005) Available from:  
[http://www.info.gov.hk/sfaa/Form/lsfs/Ready%20Reckoner%20under%20AFI%20Formula%20\(Eng\).pdf](http://www.info.gov.hk/sfaa/Form/lsfs/Ready%20Reckoner%20under%20AFI%20Formula%20(Eng).pdf) [Accessed April 2005].

## Appendix XI

**Sliding Scale of Asset Value for  
Discounting Grant and Loan Assistance in 2004-05**

Net asset value per family member (HK\$)	Discount factor of grant/ loan assistance
Over 503,000	0%
423,001 - 503,000	20%
342,001 - 423,000	40%
270,001 - 342,000	60%
179,001 - 270,000	80%
179,000 or below	100%

Source: SFAA. (2005) Available from:  
[http://www.info.gov.hk/sfaa/Form/lsfs/Sliding%20Scale%20of%20Asset%20Value%20for%20Discounting%20GnL%20\(Eng\).pdf](http://www.info.gov.hk/sfaa/Form/lsfs/Sliding%20Scale%20of%20Asset%20Value%20for%20Discounting%20GnL%20(Eng).pdf) [Accessed April 2005].

## Appendix XII

**Statistics on the Financial Assistance Scheme for Post-secondary Students  
between 2002-03 and 2004-05**

	2002-03	2003-04	2004-05 (as at 28.2.2005)
Eligible student enrolment	17 480	17,819*	23 978*
Number of applications received	5 706 (6 194 <sup>#</sup> )	7 478 (7 751 <sup>#</sup> )	12 635 (12 648 <sup>#</sup> )
Number of successful applications	3 547 (3 547 <sup>#</sup> )	4 780 (4 780 <sup>#</sup> )	8 129 (8 138 <sup>#</sup> )
Number of applicants offered grant	1 283 (1 288 <sup>#</sup> )	2 045 (2 046 <sup>#</sup> )	3 249 (3 249 <sup>#</sup> )
Number of applicants accepted grant	1 281	2 044	3 002
Number of applicants offered loan	3 016 (3 391 <sup>#</sup> )	3 687 (3 912 <sup>#</sup> )	4 880 (4 889 <sup>#</sup> )
Number of applicants accepted loan	2 266	2 736	2 763
Average amount of assistance	HK\$28,831	HK\$31,110	HK\$28,651
Average grant	HK\$40,101	HK\$41,375	HK\$39,671
Average loan	HK\$22,459	HK\$23,442	HK\$21,314
Total amount of grant			
– offered	HK\$51.41 million	HK\$84.62 million	HK\$128.9 million
– accepted	HK\$51.37 million	HK\$84.57 million	HK\$119.6 million
Total amount of loan			
– offered	HK\$60.83 million	HK\$77.44 million	HK\$104.0 million
– accepted	HK\$50.89 million	HK\$64.14 million	HK\$69.0 million

Remarks : \* This figure includes Hong Kong Shue Yan College's continuing students who are also covered by the Student Finance Assistance Scheme. The Student Finance Assistance Scheme is a means-tested scheme which provides financial assistance to registered full-time students of the Hong Kong Shue Yan College who have enrolled in the 2000-01 academic year or before in respect of a full-time four-year diploma course.

# These figures include applications of Hong Kong Shue Yan College's continuing students who have opted for the Student Finance Assistance Scheme.

Source: SFAA. (2005) Available from: <http://www.info.gov.hk/sfaa/entext/statistics/fasp.htm> [Accessed April 2005].

## Appendix XIII

**Statistics on the Senior Secondary Fee Remission Scheme  
between 2000-01 and 2004-05**

	2000-01	2001-02	2002-03	2003-04	2004-05 (as at 1.4.2005)
<b>Number of applications received / processed</b>	<b>103 012</b>	<b>102 039</b>	<b>97 901</b>	<b>98 066</b>	<b>97 026</b>
Secondary 4 – Secondary 5	74 858	73 700	70 900	71 279	70 123
Secondary 6 – Secondary 7	28 154	28 339	27 001	26 787	26 903
<b>Number of successful applications</b>	<b>95 321</b>	<b>95 286</b>	<b>97 115</b>	<b>97 604</b>	<b>96 722</b>
Secondary 4 – Secondary 5	69 544	68 988	70 290	70 910	69 883
Half fee remission	53 623	51 719	51 215	49 655	47 879
Full fee remission	15 921	17 279	19 075	21 255	22 004
Secondary 6 – Secondary 7	25 777	26 288	26 825	26 694	26 839
Half fee remission	19 854	19 671	19 396	18 657	18 343
Full fee remission	5 923	6 617	7 429	8 037	8 496
<b>Gazetted fee</b>					
Secondary 4 – Secondary 5	HK\$5,050	HK\$5,050	HK\$5,050	HK\$5,050	HK\$5,050
Secondary 6 – Secondary 7	HK\$8,750	HK\$8,750	HK\$8,750	HK\$8,750	HK\$8,750

Source: SFAA. (2005) Available from: <http://www.info.gov.hk/sfaa/entext/statistics/fees.htm> [Accessed April 2005].

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**Appendix XIV**
**Points Scoring System for Secondary, Primary and Kindergarten Students**

The Points Scoring System takes into account an applicant's average monthly income and the size and composition of dependent family members. A score of 18 points and above would entitle the student to full rate of assistance; scores ranging from 5 to 17 points would provide assistance at half rate. The distribution of points is in the table below.

**(A) Average Monthly Family Income from All Sources**

<b>Average monthly income (HK\$)</b>	<b>Point</b>
0 - 4,900	20
4,901 - 6,700	16
6,701 - 8,500	12
8,501 - 10,200	8
10,201 - 11,900	5
11,901 - 13,700	4
13,701 - 15,100	3
15,101 - 16,400	2
16,401 - 17,800	1
17,801 - 19,200	0
19,201 - 20,900	-1
20,901 - 22,700	-2
22,701 - 23,700	-3
over 23,700	Ineligible

SFAA will not conduct the means test for applications with family income exceeding this ceiling. These applications will not be eligible for any assistance.

## Appendix XIV (cont'd)

## (B) Dependants

Dependants of the applicant	Points score for each dependant	
1. Spouse	1	
2. Dependent parent	1	
3. Dependent children		
a) Receiving full-time senior secondary education (S4-S7) and under the KGFRS kindergarten education	3	
b) Receiving full-time education up to first degree [including pre-primary education, primary to junior secondary (P1-S3) education, VTC, IVE, postsecondary/tertiary courses, etc.]	2	
c) Attending evening/part-time/special training courses <b>OR</b> not yet attending school <b>OR</b> not attending schools	1 (for children aged under 18, i.e. born on / after 1.9.1982)	0 (for children aged over 18, i.e. born before 1.9.1982)

A comparison between similar-sized families with comparable monthly incomes in terms of their eligibility for and level of assistance under the Points Scoring System is shown below –

4-member Families (same income level)

Family composition	Monthly income (HK\$)	Points scored	Level of assistance
<i>1 couple and 2 children</i>			
1 in senior secondary	6,701 - 8,500	18	Full rate
1 in junior secondary	19,201 - 20,900	5	Half rate
<i>2 in junior secondary</i>			
	6,701 - 8,500	17	Half rate
	19,201 - 20,900	4	Ineligible
<i>Single parent, 1 dependent parent and 2 children</i>			
2 in junior secondary	6,701 - 8,500	17	Half rate
	19,201 - 20,900	4	Ineligible

## Appendix XIV (cont'd)

5-member Families (same income level)

Family composition	Monthly income (HK\$)	Points scored	Level of assistance
<i>1 couple, 1 dependent parent and 2 children</i>			
1 in senior secondary 1 in junior secondary	20,901 - 22,700	5	Half rate
2 in junior secondary	20,901 - 22,700	4	Ineligible

Source: Education and Manpower Bureau. (2001) *Improvements to Student Financial Assistance Schemes*. Paper submitted to the Panel on Education of the Legislative Council for discussion on 19 November 2001. LC Paper No. CB(2)381/01-02(03).

## Appendix XV

**Statistics on the Examination Fee Remission Scheme  
between 2000-01 and 2004-05**

	2000-01	2001-02	2002-03	2003-04	2004-05 (as at 31.3.2005)
<b>Number of successful applications</b>	<b>10 762</b>	<b>11 682</b>	<b>12 277</b>	<b>13 865</b>	<b>14 293</b>
Hong Kong Certificate of Education Examination	7 727	8 268	8 547	9 778	10 084
Hong Kong Advanced Level Examination	3 035	3 413	3 730	4 087	4 209
<b>Total amount granted</b>	<b>HK\$10.9 million</b>	<b>HK\$12 million</b>	<b>HK\$12.7 million</b>	<b>HK\$13.9 million</b>	<b>HK\$14.3 million</b>
Hong Kong Certificate of Education Examination	HK\$5.4 million	HK\$5.8 million	HK\$6 million	HK\$6.8 million	HK\$7.0 million
Hong Kong Advanced Level Examination	HK\$5.5 million	HK\$6.2 million	HK\$6.7 million	HK\$7.1 million	HK\$7.3 million

Source: SFAA. (2005) Available from: <http://www.info.gov.hk/sfaa/entext/statistics/efrs.htm> [Accessed April 2005].

## Appendix XVI

## Textbook Grant Rates for Students at Different Levels of Education in 2004-05

	Primary (HK\$)	Secondary 1 – Secondary 3 (HK\$)	Secondary 4 (HK\$)	Secondary 5 (HK\$)	Secondary 6 (HK\$)	Secondary 7 (HK\$)
Full grant	1,818	2,552	2,622	1,416	2,152	1,014
Half grant	909	1,276	1,311	708	1,076	507

Source: SFAA. (2005) Available from: <http://www.info.gov.hk/sfaa/entext/schemes/ftsc.htm> [Accessed April 2005].

## Appendix XVII

**Statistics on the School Textbook Assistance Scheme  
between 2000-01 and 2004-05**

	2000-01	2001-02	2002-03	2003-04	2004-05 (as at 31.3.2005)
<b>Number of applications received/processed</b>	373 731	389 837	390 108	379 765	359 794
<b>Number of successful applications</b>	348 975	367 126	386 019	377 062	358 165
<b>Primary</b>	155 344	166 596	175 620	166 202	151 529
Half grant	121 494	128 359	128 980	118 171	107 705
Full grant	33 850	38 237	46 640	48 031	43 824
<b>Secondary</b>	193 631	200 530	210 399	210 860	206 636
Half grant	151 771	152 818	152 618	146 931	141 884
Full grant	41 860	47 712	57 781	63 929	64 752
<b>Grant rates</b>					
Primary 1 – Primary 6	HK\$1,790	HK\$1,928	HK\$1,900	HK\$1,832	HK\$1,818
Secondary 1 – Secondary 3	HK\$2,546	HK\$2,682	HK\$2,484	HK\$2,482	HK\$2,552
Secondary 4	HK\$2,382	HK\$2,474	HK\$2,486	HK\$2,530	HK\$2,622
Secondary 5	HK\$1,516	HK\$1,540	HK\$1,470	HK\$1,432	HK\$1,416
Secondary 6	HK\$2,144	HK\$2,200	HK\$2,176	HK\$2,154	HK\$2,152
Secondary 7	HK\$840	HK\$850	HK\$970	HK\$944	HK\$1,014
<b>Total amount of assistance provided</b>	HK\$426.5 million	HK\$480.8 million	HK\$505.2 million	HK\$497.1 million	HK\$480.6 million

Source: SFAA. (2005) Available from: <http://www.info.gov.hk/sfaa/entext/statistics/texts.htm> [Accessed April 2005].

## Appendix XVIII

**Statistics on the Student Travel Subsidy Scheme  
between 2000-01 and 2004-05**

	2000-01	2001-02	2002-03	2003-04	2004-05 (as at 31.3.2005)
<b>Number of applications received/processed</b>	<b>218 520</b>	<b>225 167</b>	<b>229 853</b>	<b>230 430</b>	<b>296 629</b>
Primary and secondary students	187 922	191 355	192 841	190 086	255 782
Tertiary students	30 598	33 812	37 012	40 344	40 847
<b>Number of successful applications</b>	<b>201 455</b>	<b>209 150</b>	<b>212 766</b>	<b>215 666</b>	<b>274 136</b>
Primary and secondary students	173 546	178 376	179 944	179 332	237 799
Tertiary students	27 909	30 774	32 822	36 334	36 337
<b>Average subsidy</b>					
Primary and secondary students	HK\$1,588	HK\$1,638	HK\$1,683	HK\$1,407	HK\$1,253
Tertiary students	HK\$2,917	HK\$2,843	HK\$2,858	HK\$2,584	HK\$2,562
<b>Total amount of subsidy provided</b>					
Primary and secondary students	HK\$275.7 million	HK\$292.1 million	HK\$302.9 million	HK\$252.4 million	HK\$297.9 million
Tertiary students	HK\$81.4 million	HK\$87.5 million	HK\$93.8 million	HK\$93.9 million	HK\$93.1 million

Source: SFAA. (2005) Available from: <http://www.info.gov.hk/sfaa/en/statistics/travels1.htm> [Accessed April 2005].

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**Appendix XIX****Statistics on the Cross-net Travel Subsidy Scheme between 2000-01 and 2003-04**

	<b>2000-01</b>	<b>2001-02</b>	<b>2002-03</b>	<b>2003-04</b>
Number of applications received / processed	30 260	36 549	42 523	42 176
Number of successful applications	23 844	28 832	31 315	31 122
Average subsidy	HK\$1,300	HK\$1,316	HK\$1,344	HK\$1,066
Total amount of subsidy provided	HK\$31 million	HK\$37.9 million	HK\$42.1 million	HK\$33.2 million

Source: SFAA. (2005) Available from: <http://www.info.gov.hk/sfaa/en/statistics/travels1.htm> [Accessed April 2005].

## Appendix XX

**Rate of Remission of the Kindergarten Fee Remission Scheme  
by Adjusted Family Income Group for 2004-05**

<b>Adjusted Family Income (HK\$)</b>	<b>Level of assistance</b>
0 – 19,332	Full remission (100%)
19,333 – 28,104	3/4 remission (75%)
28,105 – 51,630	1/2 remission (50%)
> 51,630	No remission

Source: SFAA. (2005) Available from: <http://www.info.gov.hk/sfaa/en/schemes/kinder.htm> [Accessed April 2005].

## Appendix XXI

**Statistics on the Kindergarten Fee Remission Scheme  
between 2002-03 and 2004-05**

	2002-03	2003-04	2004-05 (as at 31.3.2005)
Eligible student population <sup>(a)</sup>	143 725	136 096	130 157 <sup>(b)</sup>
Number of applications received	66 916	62 569	57 614
Number of applications processed	Not available	Not available	56 772
Number of successful applications	62 609	58 849	53 589
½ fee remission	28 298	26 736	24 340
¾ fee remission	22 579	21 113	19 172
Full fee remission	11 732	11 001	10 077
Weighted average fee <sup>(c)</sup>			
Half day session	HK\$1,232	HK\$1,254	HK\$1,279
Whole day session	HK\$2,238	HK\$2,256	HK\$2,260
Total amount of assistance provided	HK\$512.1 million	HK\$499.7 million	HK\$358.0 million

Remarks: (a) Supplied by Education and Manpower Bureau, figures as at mid-September of the school year.

(b) Provisional figure subject to revision later.

(c) Set by Education and Manpower Bureau for non-profit making kindergartens.

Source : SFAA. (2005) Available from: <http://www.info.gov.hk/sfaa/en/statistics/kinders.htm> [Accessed April 2005].

## Appendix XXII

**Median Monthly Domestic Household Income  
by Size of Household in the 4th quarter of 2002**

<b>Household size</b>	<b>MMDHI (HK\$)</b>	<b>75% of MMDHI (HK\$)</b>	<b>50% of MMDHI (HK\$)</b>
1	6,000	4,500	3,000
2	13,000	9,750	6,500
3	16,000	12,000	8,000
4	19,600	14,700	9,800
5	23,700	17,775	11,850
6 or above	26,400	19,800	13,200

Source: *Hospital Authority*. (2005) Available from <http://www.ha.org.hk/> [Accessed May 2005].

## Appendix XXIII

## Asset Limit for Waiving Medical Charges

Household size	Asset limit for households with no elderly member (HK\$)	Asset limit for households with one elderly member (HK\$)	Asset limit for households with two elderly members (HK\$)
1	30,000	150,000	-
2	60,000	180,000	300,000
3	90,000	210,000	330,000
4	120,000	240,000	360,000
5	150,000	270,000	390,000

Remark: The residential property owned and occupied by the household of the patient is not counted towards this asset limit, and households with elderly members are entitled to a higher asset limit than those without. It is because most elderly do not earn any income and have to depend on their personal savings.

Source : *Hospital Authority*. (2005) Available from: <http://www.ha.org.hk/>. [Accessed March 2005].

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